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1 Introduction

1.1 Purpose of this Invitation to Partner

The State is seeking proposals for a turnkey, on-line Electronic Benefit Transfer (EBT) system to operate in the state of California, using proven EFT technology. The purpose of this Invitation to Partner (ITP) is to obtain the services of a qualified contractor to design, test, implement, operate and maintain such a system. The EBT system shall be for the delivery of Food Stamp Program (FSP) benefits, Temporary Assistance to Needy Families (TANF) known in California as CalWORKs, General Assistance/General Relief (GA/GR), and possibly other benefits under the purview of the California Health and Human Services Agency. The EBT Project requires expertise in the management of a financial services operation including account maintenance, transaction processing, settlement, and customer service, as well as project management, training and working with retailers and other stakeholders.

The impetus for the development of EBT in California is the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 which mandates that federal food stamp benefits be provided electronically by October 1, 2002. Subsequently, the California Legislature passed Assembly Bill (AB) 1542, establishing the Electronic Benefit Transfer Committee to oversee the development and implementation of EBT systems in California.

The objectives for the California EBT Project are

- To provide for a more efficient and effective method of benefit delivery
- To assure system flexibility and embrace technological advances
- To establish a strategy providing flexibility in incorporating additional programs into EBT in the future
- To ensure that all EBT systems within California are compatible
- To maximize interoperability with California's existing and future Electronic Funds Transfer (EFT) and Electronic Payment System environment, infrastructure and industry standards
- To afford public assistance recipients the opportunity to better and more securely manage their financial affairs
- To assist in reducing the stigma associated with the receipt and use of welfare benefits
- To assist in fraud detection in order to reduce benefit diversion and incidents of fraud

The EBT system should provide benefits to a variety of stakeholders, including

- Recipients:**
- Reduce stigma associated with use of public assistance benefits
 - Eliminate need to wait in long lines at Food Stamp redemption centers
 - Reduce incidence of lost and stolen benefits
 - Bring recipients closer to the "mainstream" economy
- Retailers:**
- Reduce overhead costs related to handling Food Stamps
 - Prompt settlement of transactions
 - Increase the speed and efficiency of transactions at checkout lanes

Financial Institutions	<ul style="list-style-type: none">• Eliminate processing cost associated with warrants and food stamp coupons• Expand use and acceptance of electronic payment systems
Taxpayers	<ul style="list-style-type: none">• Increase assurance that public assistance benefits are being used appropriately• Increase ability to detect fraud and misuse
Federal Government	<ul style="list-style-type: none">• Reduce cost for food coupon printing, shipping, monitoring, auditing and destruction
County and State Governments	<ul style="list-style-type: none">• Improve client service• Increase efficiency of benefit delivery processes• Increase ability to detect and track fraudulent benefit use

The contract term for this procurement is seven (7) years with up to two (2) renewal periods, for one (1) year each.

This procurement is conducted in compliance with the Americans with Disabilities Act (ADA) as further explained in Exhibit #1-1. If you have any questions or requests pertaining to this compliance, contact the Department Official identified in Section 1.4, Department Official.

1.2 Scope of the ITP and Bidder Admonishment

This ITP contains the instructions governing the requirements for a firm quotation to be submitted by interested Bidders, the format in which Proposal information is to be submitted, and the material to be included therein. Also listed are the requirements, which must be met to be eligible for consideration and the Bidder's responsibilities. This procurement will be comprised of a Draft Proposal, Confidential Discussions, and Final Proposal to increase the likelihood that final Proposals will be received without disqualifying defects. These steps will: 1) ensure that the Bidders clearly understand the State's requirements before attempting to develop their final solutions; 2) ensure that the State clearly understands what each Bidder intends to propose before those Proposals are finalized; and 3) give the State and each Bidder the opportunity to discuss weaknesses or potentially unacceptable elements of a Bidder's Proposal and give the Bidder the opportunity to modify its Proposal to correct such problems. Specific information is found in Section 2, Rules Governing Competition, Section 8, Proposal Format, and Section 9, Evaluation of Proposals.

In order to be afforded the benefits of the steps included in this ITP, the Bidder must take the responsibility to:

- Carefully read the entire ITP;
- Ask appropriate questions in a timely manner if clarification is necessary;
- Submit all complete required responses by the required dates and times;
- Make sure that all procedures and requirements of the ITP are accurately followed and appropriately addressed; and
- Carefully reread the entire ITP before submitting each Proposal.

1.3 Availability

The Contractor must have available all personnel, equipment, and other material required to satisfactorily perform the tasks necessary to provide the capabilities or deliverable products in accordance with Section 5.6.1, Project Work Plan, and in compliance with Section 1.5, Key Action Dates and all the requirements specified in Sections 5 and 6 of this ITP.

1.4 Department Official

The State Department of General Services official and the mailing address to send Proposals, questions, or copies of protests are:

Mr. Reginald Banks
Department of General Services
Procurement Division
P. O. Box 942804
1823 14th Street
Sacramento, CA 94204-0001

Phone: (916) 324-4337
Fax: (916) 322-4496

1.5 Key Action Dates

The following page outlines the important actions, dates, and times by which the listed actions must be taken or completed. If the State finds it necessary to change any of the dates, it will be accomplished by an addendum to this ITP.

Table 1-1: Key Action Dates

ACTION		TIME	DATE
1	Release of Request for Interest (RFI)		11/11/98
2	Last date for RFI Response		12/16/98 ¹
3	Release of ITP		8/3/99
4	Last date to submit questions for clarification of the ITP prior to Bidders' Conference		8/24/99
5	Bidders' Conference (See Section 1.6 for location and map)	9:30 – 11:30 a.m. PST	9/15/99
6	Release of Model Contract		9/15/99
7	Last date for receipt of Letter of Intent to Bid, financial		9/29/99
8	Last day to submit question for clarification of the ITP		10/6/99
9	Last day to request a change in the ITP requirements ²		10/14/99
10	Last day to protest the ITP requirements. ³		10/21/99
11	Draft Proposals Due	5:00 p.m. PST	11/4/99
12	Last Day to submit proposed contract language		11/4/99
13	Confidential Discussions begin – Sacramento, CA	TBD ⁴	12/13/99
14	Last day to finalize proposed contract language		12/24/99

¹ Response to RFI is not required to participate in ITP process.

² Or five (5) days following the last Addendum that changes the requirements of the ITP. See Section 2.2.4, Questions Regarding the ITP

³ See Section 2.5.1, Protests.

⁴ These dates and times will be determined when the number of bidders is known. Each bidder will be notified of the particular schedule.

15	Submission of Final Proposal	5:00 p.m. PST	2/1/00
16	Public Cost Proposal Opening	2:00 p.m. PST	2/24/00
17	Notice of Intent to Award		3/3/00
18	Last Day to Protest Selection		3/10/99
19	State/Federal Agency Approval Process		3/13/00 – 6/2/00
20	Begin Section 11 Legislative Notification and Approval		6/5/00 – 7/3/00
21	Contract Award and Execution		7/5/00

1.6 Bidders' Conference Location

HWDC Training Center, Conference Room 2
9323 Tech Center Drive, Suite 100
Sacramento, CA

SEE MAP ON FOLLOWING PAGE

EXHIBIT #1-1.**AMERICANS WITH DISABILITIES ACT (ADA) COMPLIANCE
POLICY OF NONDISCRIMINATION ON THE BASIS OF DISABILITY**

To meet and carry out compliance with the nondiscrimination requirements of Title II of the Americans with Disabilities Act (ADA), it is the policy of the Procurement Division (within the State Department of General Services) to make every effort to ensure that its programs, activities, employment opportunities, and services are available to all persons, including persons with disabilities.

For persons with a disability needing reasonable accommodation to participate in the Procurement process, or for persons having questions regarding reasonable accommodation for the Procurement process, please contact the Procurement Division at (916) 445-2500 (main office); the Procurement Division TTY/TDD (telephone device for the deaf) and California Relay Service numbers are listed below. You may also contact directly the Procurement Division contact person that is handling this procurement.

IMPORTANT: TO ENSURE THAT WE CAN MEET YOUR ACCOMMODATION, IT IS BEST THAT WE RECEIVE YOUR REQUEST AT LEAST 10 WORKING DAYS BEFORE THE SCHEDULED EVENT (i.e., MEETING, CONFERENCE, WORKSHOP, etc.) OR DEADLINE DUE-DATE FOR PROCUREMENT DOCUMENTS.

The Procurement Division TTY telephone numbers are:

Sacramento Office: (916) 322-7535

Fullerton Office: (714) 773-2093

The California Relay Service Telephone Numbers are:

Voice: 1-800-735-2922

TTY: 1-800-735-2929

2 Rules Governing Competition

2.1 Identification and Classification of ITP Requirements

2.1.1 Requirements

The State has established certain requirements with respect to Proposals to be submitted by prospective Contractors. The use of "shall," "must," or "will" (except to indicate simple futurity) in the ITP indicates a requirement or condition from which a deviation, if not material, may be waived by the State. A deviation from a requirement is material if the deficient response is not in substantial accord with the ITP requirements, provides an advantage to one Bidder over other Bidders, or has a potentially significant effect on the delivery, quantity or quality of items bid*, the amount paid to the Bidder, or the cost to the State. Material deviations cannot be waived.

*The word "bid" as used throughout is intended to mean "proposed," "propose" or "Proposal" as appropriate.

2.1.2 Desirable Items

The words "should" or "may" in the ITP indicate desirable attributes or conditions that are nonmandatory in nature. Deviation from, or omission of, such a desirable feature, even if material, will not in itself cause rejection of the bid.

2.2 Bidding Requirements and Conditions

2.2.1 General

This ITP, the evaluation of responses, and the award of any resultant contract shall be made in conformance with current competitive bidding procedures as they relate to the procurement of goods and services by public bodies in the State of California. A Bidder's Final Proposal is an irrevocable offer for **180 days** following the scheduled date for contract award specified in Section 1.5, Key Action Dates. A Bidder may extend the offer in the event of a delay of contract award.

2.2.2 ITP Documents

This ITP includes, in addition to an explanation of the State's needs which must be met, instructions which prescribe the format and content of bids to be submitted and the model(s) of the contract(s) to be executed between the State and the successful Bidder.

If a Bidder discovers any ambiguity, conflict, discrepancy, omission, or other error in this ITP, the Bidder shall immediately notify the State of such error in writing and request clarification or modification of the document. Modifications will be made by addenda issued pursuant to Section 2.2.7, Addenda. Such clarifications shall be given by written notice to all parties who have been furnished an ITP for bidding purposes, without divulging the source of the request for the clarification. Insofar as practicable, the State will give such notices to other interested parties, but the State shall not be responsible therefor.

If the ITP contains an error known to the Bidder, or an error that reasonably should have been known, the Bidder shall bid at its own risk. If the Bidder fails to notify the State of the error

prior to the date fixed for submission of bids, and is awarded the contract, the Bidder shall not be entitled to additional compensation or time by reason of the error or its later correction.

2.2.3 Examination of the Work

The Bidder should carefully examine the entire ITP, any addenda thereto, and all related materials and data referenced in the ITP or otherwise available to the Bidder. The Bidder should become fully aware of the nature and location of the work, the quantities of the work, and the conditions to be encountered in performing the work. Specific conditions to be examined may be listed in Section 5, Administrative Requirements.

2.2.4 Questions Regarding the ITP

Bidders requiring clarification of the intent or content of this ITP or on procedural matters regarding the competitive bid process may request clarification by submitting questions, with the envelope clearly marked "Questions Relating to ITP HWDC-8024," to the Department Official listed in Section 1.4. To ensure a response, questions must be received in writing by the scheduled date(s) given in Section 1.5, Key Action Dates. Question and answer sets will be provided to all Bidders without identifying the submitters.

A Bidder who desires clarification or further information on the content of the ITP, but whose questions relate to the proprietary aspect of that Bidder's Proposal and which, if disclosed to other Bidders, would expose that Bidder's Proposal, may submit such questions in the same manner as above, but also marked "CONFIDENTIAL." Such questions must be submitted not later than the scheduled date specified in Section 1.5, Key Action Dates, to ensure a response. The Bidder must explain why any questions are sensitive in nature. If the State concurs that the disclosure of the question or answer would expose the proprietary nature of the Proposal, the question will be answered and both the question and answer will be kept in confidence. If the State does not concur with the proprietary aspect of the question, the question will not be answered in this manner and the Bidder will be so notified.

If the Bidder believes that one or more of the ITP requirements is onerous, unfair, or imposes unnecessary constraints to the Bidder in proposing less costly or alternate solutions, the Bidder may request a change to the ITP by submitting, in writing, the recommended change(s) and the facts substantiating this belief and reasons for making the recommended change. Such request must be submitted to the Department Official listed in Section 1.4 by the date specified in Section 1.5, Key Action Dates, for submitting a request for change. **Oral answers shall not be binding on the State.**

2.2.5 Bidders' Conference

A Bidders' Conference will be held during which Bidders will be afforded the opportunity to meet with State personnel and discuss the content of the ITP and the procurement process. Notification of the time and place of such conference will be made to all Bidders receiving this ITP for bidding purposes. Written questions received prior to the cutoff date for submission of such questions, as noted in Section 1.5, Key Action Dates, will be answered at the conference without divulging the source of the query.

The State may also accept oral questions during the conference and will make a reasonable attempt to provide answers prior to the conclusion of the conference. A summary of questions

and appropriate answers, will normally be transmitted within approximately ten (10) working days to all vendors furnished this ITP for bidding purposes. If questions asked at the conference cannot be adequately answered during the discussion, written answers will be provided. **Oral answers shall not be binding on the State.**

2.2.6 Vendor's Intention to Submit a Proposal

Vendors who have been furnished a copy of the ITP for bidding purposes are asked to state their intention by the date specified in Section 1.5, Key Action Dates, with respect to submission of bids. The State is also interested as to a vendor's reasons for not submitting a bid; as, for example, requirements which cannot be met or unusual terms and conditions which arbitrarily raise costs. Vendors are asked to categorize their intent as follows:

- Intends to submit a Proposal and has no problem with the ITP requirements.
- Intends to submit a Proposal, but has one or more problems with the ITP requirements for reasons stated in this response.
- Does not intend to submit a Proposal, for reasons stated in this response, and has no problem with the ITP requirements.
- Does not intend to submit a Proposal because of one or more problems with the ITP requirements for reasons stated in this response.

If vendors have indicated significant problems with the ITP requirements, the State will examine the stated reasons for the problems and will attempt to resolve any issues in contention, if not contrary to the State's interest, and will amend the ITP if appropriate. All vendors who have been furnished a copy of this ITP for bidding purposes will be advised by the State of any actions taken as a result of the vendors' responses. If after such actions, a vendor determines that the requirements of the ITP unnecessarily restrict its ability to bid, the vendor is allowed five (5) working days from date of State's response to Bidder's written concerns about ITP requirements to submit a protest to those ITP requirements or the State's action, according to the instructions contained in Section 2.5.1, Protests.

For purposes of this ITP, all vendors who have indicated their intent to submit a Final Proposal are called Bidders until such time that the Bidder withdraws or other facts indicate that the Bidder has become nonparticipating.

2.2.7 Addenda

The State may modify the ITP prior to the date fixed for submission of Final Bids by issuance of an addendum to all parties who are participating in the bidding process at the time the addendum is issued, unless the amendments are such as to offer the opportunity for nonparticipating vendors to become participating, in which case the addendum will be sent to all parties receiving the ITP for bidding purposes. Addenda will be numbered consecutively. If any vendor determines that an addendum unnecessarily restricts its ability to bid, the vendor is allowed five (5) working days from the release date of the addendum to submit a protest to the addendum according to the instructions contained in Section 2.5.1, Protests.

2.2.8 Removal of Names from Prequalified Bidders List

The Department of General Services may remove the name of any vendor from its lists of prequalified Bidders under any one or more of the following conditions:

- A vendor does not respond by bid to three (3) consecutive calls for bids on equipment, software, or service for which such vendor has previously requested the opportunity to bid.
- A vendor's past performance on State contracts has demonstrated a lack of reliability in complying with and completing such contracts.

2.2.9 Bonds or Security Documents

The State reserves the right to require a faithful performance bond or other security document as specified in this ITP from the Bidder in an amount not to exceed the amount of the contract.

2.2.10 Discounts

In connection with any discount offered, except when provision is made for a testing period preceding acceptance by the State, time will be computed from date of delivery of the supplies or equipment as specified, or from date correct invoices are received in the office specified by the State if the latter date is later than the date of delivery. When provision is made for a testing period preceding acceptance by the State, date of delivery shall mean the date the supplies or equipment are accepted by the State during the specified testing period. Payment is deemed to be made, for the purpose of earning the discount, on the date of mailing the State warrant or check.

Cash discounts of less than twenty (20) days or less than one half of one percent (.5%) will not be considered in evaluating offers for award purposes unless otherwise specified by the State in this ITP; however, offered discounts of less than twenty (20) days will be taken if payment is made within the discount period, even though not considered in the evaluation of offers.

2.2.11 Joint Proposals

A joint Proposal (two or more Bidders bidding jointly on one Proposal) may be submitted and each participating Bidder must sign the joint Proposal. If the contract is awarded to joint Bidders, it shall be one indivisible contract. Each joint Bidder will be jointly and severally responsible for the performance of the entire contract, and the joint Bidders must designate, in writing, one individual having authority to represent them in all matters relating to the contract. The State assumes no responsibility or obligation for the division of orders or purchases among the joint Bidders.

2.2.12 Air or Water Pollution Violations

Unless the contract is less than \$5,000 or with a sole source Contractor, Government Code Section 4477 prohibits the State from contracting with a person, including a corporation or other business association, who has been determined to be in violation of any State or federal air or water pollution control law. Government Code Section 4481 requires the State Water Resources Control Board and the Air Resources Board to notify State agencies of such persons.

Prior to an award, the State shall ascertain if the intended awardee is a person included in notices from the Boards by reference to notices. In the event of any doubt of the intended awardee's

identity or status as a person who is in violation of any State or federal air or water pollution law, the State will notify the appropriate Board(s) of the proposed award and afford the Board(s) the opportunity to advise the State that the intended awardee is such a person.

No award will be made to a person who is identified, either by the published notices or by advice, as a person in violation of State or federal air or water pollution control laws.

2.2.13 Fair Employment and Housing Commission Regulations

California Government Code Section 12990 requires all State Contractors to have implemented a Nondiscrimination Program before entering into any contract with the State. The Department of Fair Employment and Housing (DFEH) randomly selects and reviews State Contractors to ensure their compliance with the law. DFEH periodically disseminates a list of vendors who have not complied. Any vendor so identified is ineligible to enter into any State contract.

2.2.14 Exclusion for Conflict of Interest

No consultant shall be paid out of State funds for developing recommendations on the acquisition of electronic data processing (EDP) products or services or assisting in the preparation of a feasibility study if that consultant is to be a source of such acquisition or could otherwise directly and/or materially benefit from State adoption of such recommendations or the course of action recommended in the feasibility study. Further, no consultant shall be paid out of State funds for developing recommendations on the disposal of State surplus EDP products if that consultant would directly and/or materially benefit from State adoption of such recommendations.

2.2.15 Follow-on Contracts

No person, firm, or subsidiary thereof who has been awarded a consulting services contract, or a contract which includes a consulting component, may be awarded a contract for the provision of services, delivery of goods or supplies, or any other related action which is required, suggested, or otherwise deemed appropriate as an end product of the consulting services contract. Therefore, any consultant who contracts with a State agency to develop formal recommendations for the acquisition of EDP products or services is precluded from contracting for any work recommended in the formal recommendations. (Formal recommendations include, among other things, feasibility studies.)

2.2.16 Disclosure of Financial Interests

Proposals in response to State procurements for assistance in preparation of feasibility studies or the development of recommendations for the acquisition of EDP products and services must disclose any financial interests (i.e., service contract, OEM agreements, remarketing agreements, etc.) that may foreseeably allow the individual or organization submitting the Proposal to materially benefit from the State's adoption of a course of action recommended in the feasibility study or the acquisition recommendations. If, in the State's judgment, the financial interest will jeopardize the objectivity of the recommendations, the State may reject the Proposal.

In addition, should a consultant establish or become aware of such a financial interest during the course of contract performance, the consultant must inform the State in writing within ten (10) working days of such event. If, in the State's judgment, the newly established financial interest will jeopardize the objectivity of the recommendations, the State shall have the option of terminating the contract.

Failure to disclose a relevant financial interest on the part of a consultant will be deemed grounds for termination of the contract with all associated costs to be borne by the consultant and, in addition, the consultant may be excluded from participating in the State's bid processes for a period of up to 360 calendar days in accordance with Public Contract Code Section 12102 (j).

2.3 Bidding Steps

2.3.1 General

The procurement process for this ITP is composed of the following steps:

- Bidders submit Draft Proposals
- The State evaluates the Draft Proposals
- The State conducts confidential discussions with Bidders submitting Draft Proposals
- Bidders submit Final Proposals and costs
- The State evaluates the Final Proposals

2.3.1.1 Preparation of Proposals

Exhibit #2-1, Competitive Bidding and Bid Responsiveness, located at the end of Section 2, emphasizes the requirements of competitive bidding and contains examples of common causes for rejection of bids. Bidders are encouraged to review this exhibit.

Proposals and bids are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this ITP. Expensive bindings, colored displays, promotional materials, etc., are not necessary or desired. **Emphasis should be concentrated on conformance to the ITP instructions, responsiveness to the ITP requirements, and on completeness and clarity of content.**

Before submitting each document, the Bidder should carefully proof the Proposal for errors and adherence to the ITP requirements.

2.3.1.2 Draft Proposal

Submission of a Draft Proposal is strongly recommended so that the Bidder may obtain the benefit of the two step procurement process. Draft Proposals must be submitted by Bidders by the date specified in Section 1.5, Key Action Dates. The Proposals must be complete in all respects except that dollar cost information must be replaced by XXXs. The Proposals will be evaluated by the State Evaluation Team. The purpose of the Draft Proposal is to provide the State with an "almost final" Proposal in order to identify any faulty administrative aspect(s) of the Proposal which, if not corrected, could cause the Final Proposal to be rejected for ministerial reasons.

The inclusion of cost information in the Draft Proposal may be a basis for rejecting the Proposal and notifying the Bidder that further participation in the procurement is prohibited.

The Draft Proposal must be complete in all respects (except for cost information) as required by Section 8, Proposal Format.

2.3.1.3 Evaluation of Draft Proposals

The State Evaluation Team will evaluate each Draft Proposal and notify the Bidder of any defects it has noted. Such notification is intended to minimize the risk that the Final Proposal will be deemed defective; however, **the State will not provide any warranty that all defects in the Draft Proposal have been detected and that such notification will not preclude rejection of the Final Proposal if such defects are later found.**

2.3.1.4 Confidential Discussions

The State will conduct confidential discussions with Bidders submitting Draft Proposals. At the confidential discussion, the Bidder will be asked to provide an overview of its Proposal. During the overview, the State will provide feedback to the Bidder to identify areas of the Proposal that are not fully compliant with the requirements of the ITP.

2.3.1.5 Discussion Memorandum

Throughout the Confidential Discussion a written record will be kept of all items discussed, their resolution, and any changes the bidder intends to make and the State's acceptance of such changes. If the bidder's proposal, with the agreed-to changes, is acceptable to the State, such acceptance shall be noted. If agreement has not been reached on all matters during the initial discussion, such will be noted with a specific plan for resolution before the next step. These resolutions and agreements will be prepared in final form as a Discussion Memorandum (which will be the official State documentation of the discussion), and will be mailed to the bidder normally within two work days of the discussion. If the discussion is not completed in one meeting and is continued in subsequent meetings, the Discussion Memoranda will follow the meeting at which the discussion is concluded. If a bidder discovers any discrepancy, omission, or other error in the memorandum, the bidder shall immediately notify the State of such error in writing and request clarification or correction. **Oral statements made by either party shall not obligate either party.**

2.3.1.6 Final Proposal

Proposals must be complete in all respects as required by Section 8, Proposal Format. A Final Proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. A Final Proposal must be rejected if any such defect or irregularity constitutes a material deviation from the ITP requirements. The Final Proposal must contain all costs required by Section 7, Pricing Proposal and Section 8, Proposal Format, setting forth a unit price for each unit price item, and a total price for each lump sum price item in the schedule, all in clearly legible figures. If required in Section 8, Proposal Format, cost date (as identified in the above referenced section) must be submitted under separate, sealed cover. Draft Proposals must contain all information required in the Final Proposal except cost. Exhibit #2-1 at the end of this Section 2 entitled COMPETITIVE BIDDING AND BID RESPONSIVENESS emphasizes the requirement of competitive bidding and contains examples of common causes for rejection of bids. Bidders are encouraged to review this exhibit.

2.3.1.7 Evaluation of Final Proposals

During evaluation of the Final Proposal, the State Evaluation Team may request the Bidder to clarify any area of the Proposal the Evaluation Team determines to be unclear.

However, this request for clarification will not be an opportunity for the bidder to change its proposal.

2.3.1.8 Flawed Final Proposals

The State may declare the Final Proposal to be an additional Draft Proposal in the event that the State Evaluation Team determines that Final Proposals from all Bidders contained material deviations and that it is in the best interest of the State to continue the bid process. If this occurs, the State will issue an addendum to the ITP and a confidential discussion will be held with each Bidder that submitted a flawed Final Proposal and any other Bidder that requests a confidential discussion. Each Bidder will be instructed of the due date for the submission of a new completed Final Proposal to the State. This submission must conform to all of the requirements of the original Final Proposal as amended by any subsequent addenda. During the evaluation of the new Final Proposal, the State Evaluation Team may request the Bidder to clarify any area of the Proposal that the State Evaluation Team determines to be unclear. However, this request for clarification will not be an opportunity for the bidder to change its proposal.

2.3.2 Submission of Draft and Final Proposals

2.3.2.1 Signature of Proposals

A cover letter (which shall be considered an integral part of the submission) and Standard Agreement Form 2 shall be signed by an individual who is authorized to bind the bidding firm contractually. The signature must indicate the title or position that the individual holds in the firm. **An unsigned Final Proposal shall be rejected.**

The Draft Proposal must also contain the cover letter and Standard Agreement Form 2, similarly prepared, including the title of the person who will sign, but need not contain the signature.

2.3.2.2 Delivery of Proposals

The Draft and Final Proposals must be submitted by Bidders by the dates specified in Section 1.5, Key Action Dates. If mailed, proposals must be received on or before the specified date.

Mail or deliver Proposals to the Department Official listed in Section 1.4. If mailed, use certified or registered mail with return receipt requested as mailing of proposals is done at Bidder's own risk of untimely delivery, lost mail, etc.

Proposals must be received in the number of copies stated in Section 8, Proposal Format. Proposals must be received not later than the dates and times specified in Section 1.5, Key Action Dates. One (1) copy must be clearly marked "Master Copy." All copies of Proposals must be under sealed cover which is to be plainly marked "DRAFT PROPOSAL" or "FINAL PROPOSAL" for "ITP HWDC-8024." Also, the sealed cover of all submittals, except the Final Proposal, shall be clearly marked "CONFIDENTIAL" and shall state the scheduled date and time for submission. Draft Proposals will be returned for sealing. **Final Proposals not received by the date and time specified in Section 1.5, Key Action Dates, or not sealed, will be rejected.** As required in Section 8, Proposal Format, all cost data (as identified in the above referenced section) must be submitted under separate, sealed cover and clearly marked "COST DATA." If cost data is required to be submitted separately sealed, and is not submitted in this manner, the

Proposal will be rejected. Proposals submitted under improperly marked covers may be rejected. If discrepancies are found between two or more copies of the Proposal, the Proposal may be rejected. However, if not so rejected, the Master Copy will provide the basis for resolving such discrepancies. If one (1) copy of the Final Proposal is not clearly marked "Master Copy," the State may reject the bid; however, the State, at its sole option, may select, immediately after Proposal opening, one (1) copy to be used as the Master Copy.

2.3.3 Confidentiality

Final Proposals are public upon opening; however, the contents of all Proposals, Draft Proposals, correspondence, agenda, memoranda, working papers, or any other medium which discloses any aspect of a Bidder's Proposal shall be held in confidence until notice of Intent to Award. Bidders should be aware that marking a document "confidential" or "proprietary" in a Final Proposal will not keep that document, after notice of Intent to Award, from being released as part of the public record, unless a court has ordered the State not to release the document. The content of all working papers and discussions relating to the Bidder's Proposal shall be held confidential indefinitely unless the public interest is best served by an item's disclosure because of its direct pertinence to a decision, agreement or the evaluation of the bid.

Any disclosure of confidential information by the Bidder is a basis for rejecting the Bidder's Proposal and ruling the Bidder ineligible to further participate. Any disclosure of confidential information by a State employee is a basis for disciplinary action, including dismissal from State employment, as provided by Government Code Section 19570 et seq.

Maintaining the confidentiality of information that is designated as confidential by the State is paramount; it cannot be over emphasized.

2.3.4 Bidder's Cost

Costs for developing Proposals and bids are entirely the responsibility of the Bidder and shall not be chargeable to the State.

2.3.5 False or Misleading Statements

Proposals which contain false or misleading statements or which provide references which do not support an attribute or condition claimed by the Bidder may be rejected. If, in the opinion of the State, such information was intended to mislead the State in its evaluation of the Proposal and the attribute, condition, or capability is a requirement of this ITP, it will be the basis for rejection of the Proposal.

2.3.6 Withdrawal and Resubmission/Modification of Proposals

A Bidder may withdraw its Draft Proposal at any time by written notification. A Bidder may withdraw its Final Proposal at any time prior to the Proposal submission time specified in Section 1.5, Key Action Dates, by submitting a written notification of withdrawal signed by the Bidder authorized in accordance with Section 2.3.2.1, Signature of Proposal. The Bidder may thereafter submit a new or modified Proposal prior to such Proposal submission time.

Modification offered in any other manner, oral or written, will not be considered. Final Bids cannot be changed or withdrawn after the time designated for receipt, except as provided in Section 2.3.8.4, Errors in the Final Proposal.

2.3.7 Rejection of Bids

The State may reject any or all bids and may waive any immaterial deviation or defect in a bid. The State's waiver of any immaterial deviation or defect shall in no way modify the ITP documents or excuse the Bidder from full compliance with the ITP specifications if awarded the contract.

2.3.8 Evaluation and Selection Process**2.3.8.1 General**

Final Proposals and bids will be evaluated according to the procedures contained in the Section 9, Evaluation of Proposals. The same evaluation procedures will be applied to Draft Proposals, excluding cost evaluation.

2.3.8.2 Evaluation Questions

During the evaluation and selection process, the State may desire the presence of a Bidder's representative for answering specific questions, orally and/or in writing.

2.3.8.3 Demonstration

This procurement will require a demonstration of the Bidder's response to specific requirements (including benchmark requirements) before final selection in order to verify the claims made in the bid, corroborate the evaluation of the bid, and confirm that the hardware and software are actually in operation. If such demonstration is necessary, prior notice will be given. The Bidder must make all arrangements for demonstration facilities at no cost to the State. The location of the demonstration will be determined by the Bidder; however, its performance within California is preferred and will be attended at the State's expense. Demonstration outside California will be attended only if the Bidder agrees to reimburse the State for travel and per diem expenses. The State reserves the right to determine whether or not a demonstration has been successfully passed. See Section 10, Demonstration, for additional information.

2.3.8.4 Errors in the Final Proposal

An error in the Final Proposal may cause the rejection of that Proposal; however, the State, at its sole option, may retain the Proposal and make certain corrections. In determining if a correction will be made, the State will consider the conformance of the Proposal to the format and content required by the ITP, and any unusual complexity of the format and content required by the ITP.

1. If the Bidder's intent is clearly established based on review of the complete Final Proposal submittal, the State, at its sole option, may correct an error based on that established intent.
2. The State, at its sole option, may correct obvious clerical errors.
3. The State, at its sole option, may correct discrepancy and arithmetic errors on the basis that, if intent is not clearly established by the complete Proposal submittal, the Master Copy shall have priority over additional copies, the Proposal narrative shall have priority over the contract, the contract shall have priority over the cost sheets, and within each of these, the lowest level of detail will prevail. If necessary, the extensions and summary will be recomputed accordingly, even if the lowest level of detail is obviously misstated. The total price of unit-price items will be the product of the unit price and the quantity of the item. If the unit price is ambiguous, unintelligible, uncertain for any cause, or is omitted, it shall be

the amount obtained by dividing the total price by the quantity of the item.

4. The State, at its sole option, may correct errors of omission, and in the following four situations, the State will take the indicated actions if the Bidder's intent is not clearly established by the complete Proposal submittal.
 - If an item is described in the narrative and omitted from the contract and cost data provided in the Proposal for evaluation purposes, it will be interpreted to mean that the item will be provided by the Bidder at no cost.
 - If a minor item is not mentioned at all in the Final Proposal and is essential to satisfactory performance, the Proposal will be interpreted to mean that the item will be provided at no cost.
 - If a major item is not mentioned at all in the Final Proposal, the Proposal will be interpreted to mean that the Bidder does not intend to supply that item.
 - If a major item is omitted, and the omission is not discovered until after contract award, the Bidder shall be required to supply that item at no cost.
5. If a Bidder does not follow the instructions for computing costs not related to the contract (e.g., State personnel costs), the State may reject the Proposal, or at its sole option, recompute such costs based on instructions contained in the ITP.

If the recomputations or interpretations, as applied in accordance with Section 2.3.8.4, Errors in the Final Proposal, subsection 4, result in significant changes in the amount of money to be paid to the Bidder (if awarded the contract) or in a requirement of the Bidder to supply a major item at no cost, the Bidder will be given the opportunity to promptly establish the grounds legally justifying relief from its Proposal.

It is absolutely essential that Bidders carefully review the cost elements in their Final Proposal, since they will not have the option to change them after the time for submittal.

6. In the event an ambiguity or discrepancy between the general requirements described in Section 4, Proposed System, and the specific technical requirements set forth in Section 6, System and Operations Requirements, is detected after the opening of bids, Section 6, and the Bidder's response thereto, shall have priority over Section 4 and the Bidder's response thereto. Refer to Section 2.2.2 regarding immediate notification to the State contact when ambiguities, discrepancies, omissions, etc. are discovered.

2.3.9 Contract Award

Award of contract, if made, will be in accordance with Section 9, Evaluation of Proposals, to a responsible Bidder whose Final Proposal complies with all the requirements of the ITP documents and any addenda thereto, except for such immaterial defects as may be waived by the State. Award, if made, will be made within one hundred and eighty (180) days after the

scheduled date for Submission of Final Proposals specified in Section 1.5, Key Action Dates; however, a Bidder may extend the offer beyond one hundred and eighty (180) days in the event of a delay of contract award.

The State reserves the right to determine the successful Bidder either on the basis of individual items or on the basis of all items included in its ITP, unless otherwise expressly provided in the State's ITP. The State reserves the right to modify or cancel in whole or in part its ITP.

Written notification of the State's Intent to Award will be made to all Bidders. If a Bidder, having submitted a Final Proposal, can show that its Proposal, instead of the Proposal selected by the State, should be selected for contract award according to the rules of Section 2.3.8, Evaluation and Selection Process, the Bidder will be allowed five (5) working days to submit a protest to the Intent to Award, according to the instructions contained in ITP Section 2.5.1, Protests.

2.3.10 Debriefing

A debriefing may be held after contract award at the request of any Bidder for the purpose of receiving specific information concerning the evaluation. The discussion will be based primarily on the technical and cost evaluations of the Bidder's Final Proposal. A debriefing is not the forum to challenge the ITP specifications or requirements.

2.4 Contractual Information

2.4.1 Contract Form

The State has a contract form to be used by State agencies when contracting for EDP or telecommunications goods and services. The contract provisions appropriate for the specific requirements of this ITP are included in Appendix I, Terms and Conditions. It is the responsibility of the Bidder to review the contract because it will be used as the basis for contract negotiation.

2.4.2 Specific Terms and Conditions

The form of the contract permits, where appropriate, the substitution and/or insertion, by the Bidder, of Bidder-specified language. All such substitutions and insertions must be approved by the Department of General Services. The Department of General Services may request the Department of Information Technology's concurrence on the approval of changes involving significant issues. Terms and conditions which do not comply in substance with all material requirements of the ITP, which are contrary to the best interests of the State, or which are in opposition to State policy will not be accepted.

2.4.3 Contract Negotiations

Bidders may submit proposed language changes to the contract by the dates specified in Section 1.5, Key Action Dates. The instructions for proposing language changes are in Appendix H. The contract model is located in Appendix I, Terms and Conditions: State Model Personal Services Contract. The State will schedule contract negotiations with each Bidder during the time frame noted in Section 1.5, Key Action Dates. After Bidder negotiations, the State will issue copies of the approved revised contract terms and conditions to all Bidders prior

to submission of the Final Proposal. Language that is proprietary to a Bidder will not be released until a contract is executed.

2.4.4 Approval of Proposed Contract

To comply with the requirements of competitive bidding procedures, the contract must be fixed prior to the submission of the Final Proposals; no negotiation is permissible after that time. It is required, therefore, that any vendor who intends to bid on this ITP submit its proposed contract to the State in accordance with the schedule contained in Section 1.5, Key Action Dates. If a bidder has prenegotiated language with the State, the bidder may indicate that this is the language proposed and submit only changes to any language that has not been prenegotiated. (For a this ITP, it is possible that prenegotiated language will not be acceptable due to special circumstances. The State will notify the Bidder if this is the case and will renegotiate that language for this procurement.) For language that has not been prenegotiated, the proposed contract, or portions thereof, must be submitted in the form of the prescribed model(s). Any deviations from the exact language contained in the model(s) must conform to the guidelines herein stated. The proposed contract must contain all proposed terms and conditions, and with all blanks filled in, but it must not contain (other than in sample form) any identification of proposed goods or cost data. (Note, however, that the Draft Bid must contain the approved contract with all the blanks filled in except for cost data, as specified in Section 8.3.1, Draft Proposal.) The proposed contract must be clearly labeled "Proposed Contract" with the ITP identification from the ITP title page. The State will notify the Bidder as to which, if any, terms and conditions are not acceptable to the State and will arrange an appropriate meeting at a mutually satisfactory time to resolve any differences.

Appendix H contains a set of instructions to guide the Bidder through a step-by-step procedure to develop proposed new language or changes to model contract language, negotiating contract language and securing State approval. Proposed contract language which is not prepared in accordance with these instructions may be returned to the bidder without review by the State.

IT IS ESSENTIAL THAT THE BIDDER'S PROPOSED CONTRACT BE ACCEPTABLE TO THE STATE PRIOR TO THE FINAL BID SUBMISSION DATE. SUCH ACCEPTANCE DOES NOT RELIEVE THE BIDDER OF PROVIDING OTHER NECESSARY INFORMATION REQUIRED IN THE CONTRACT. IF A BID CONTAINS UNAPPROVED CONTRACT LANGUAGE, THE POTENTIAL FOR BID REJECTION IS SUBSTANTIALLY INCREASED.

APPROVED CONTRACT LANGUAGE FOR THIS PARTICULAR ITP WHICH IS NOT PROPRIETARY TO THE BIDDER WILL BE AVAILABLE TO ALL BIDDERS SHORTLY AFTER THE LAST DAY TO NEGOTIATE CONTRACT LANGUAGE.

PRENEGOTIATED TERMS AND CONDITIONS ARE AVAILABLE AT ANY TIME.

2.4.5 Term of Contract

The State intends to retain the required goods and services for at least the period specified elsewhere in this ITP. Ideally, the term of the contract will be for the specified period. If the State requires the contract to be terminated during the contract period, such a requirement will be specified in Section 5, Administrative Requirements. The State will accept a contract for a longer period than specified if, at the sole option of the State, the contract may be terminated at

the end of the period specified without the payment of termination charges.

2.5 Other Information

2.5.1 Protests

Before a protest is submitted regarding any issue other than selection of the "successful bidder," the Bidder must make full and timely use of the procedures described in this Section 2 to resolve any outstanding issue(s) between the Bidder and the State. The procurement procedure is designed to give the Bidder and the State adequate opportunity to submit questions and discuss the requirements, proposals and counterproposals before the Final Proposal is due. The protest procedure is made available in the event that a Bidder cannot reach a fair agreement with the State after exhausting these procedures. In such cases, a protest may be submitted according to the procedure below. Protests regarding any issue other than selection of the "successful bidder" will be heard and resolved by the Deputy Director of the Department of General Services Procurement Division whose decision will be final.

If a Bidder has submitted a bid which it believes to be totally responsive to the requirements of the ITP and to be the bid that should have been selected according to the evaluation procedure in the Section on Evaluation of Proposals and the Bidder believes the State has incorrectly selected another bidder for award, the Bidder may submit a protest of the selection as described below. Protests regarding selection of the "successful bidder" will be heard and resolved by the State Board of Control whose decision will be final.

All protests must be made in writing, signed by an individual authorized under Section 2.3.2.1, Signature of Proposals, and contain a statement of the reason(s) for protest; citing the law, rule, regulation or procedures on which the protest is based. The protester must provide facts and evidence to support the claim. Protests must be mailed or delivered to:

Street Address:	Mailing Address:
Deputy Director	Deputy Director
Procurement Division	Procurement Division
1823 14th Street	P.O. Box 942804
Sacramento, CA 95814	Sacramento, CA 94204-0001

All protests of the ITP or protests concerning the evaluation, recommendation, or other aspects of the selection process must be received by the Deputy Director of the Procurement Division as promptly as possible, but not later than the respective times and dates specified in Section 1 for such protests or the respective date of the Notification of Intent to Award, whichever is later. Certified or registered mail must be used unless delivered in person, in which case the protester should obtain a receipt of delivery.

2.5.2 News Releases

Any publications or news releases relating to a contract resulting from this ITP shall not be made without **prior written approval** of the Department Official listed in Section 1.4.

2.5.3 Disposition of Proposals

All materials submitted in response to this ITP will become the property of the State of California and will be returned only at the State's option and at the Bidder's expense. The Master Copy shall be retained for official files and will become a public record after the date and time for Final Proposal submission as specified in Section 1.5, Key Action Dates. However, confidential financial information submitted in support of the requirement to show Bidder responsibility will be returned upon request.

2.5.4 Contacts for Information

Bidders may contact the Bidders' Library Contact listed in Section 3.12 for visits to the physical installation locations for purposes of familiarization and evaluation of the current processes. Visits shall be made by appointment only, during normal business hours, and will be limited to the Bidders' Library Contact listed in Section 3.12 or the Contact's designee. Visits shall be permitted to the extent that they do not unduly interfere with the conduct of State business.

Oral communications of department officers and employees concerning this ITP shall not be binding on the State and shall in no way excuse the Bidder of any obligations set forth in this ITP.

EXHIBIT #2-1
COMPETITIVE BIDDING AND BID RESPONSIVENESS

The purpose of competitive bidding is to secure public objectives in the most value-effective manner and avoid the possibilities of graft, fraud, collusion, etc. Competitive bidding is designed to benefit the public body (the State, in the present context), and is not for the benefit of the Bidders. It is administered to accomplish its purposes with sole reference to the public interest. It is based upon full and free bidding to satisfy State specifications and acceptance by the State of the most value-effective solution to the State's requirements, as determined by the evaluation criteria contained in the Invitation to Partner (ITP).

Competitive bidding is not defined in any single statute but is more in the nature of a compendium of numerous court decisions. From such court decisions, the following rules have evolved, among others:

1. Invitations to Partner must provide a basis for full and fair competitive bidding among Bidders on a common standard, free of restrictions tending to stifle competition.
2. The State may modify the ITP, prior to the date fixed for submission of bids, by issuance of an addendum to all parties who have been furnished with the ITP for bidding purposes.
3. To have a valid bid, the Proposal must respond and conform to the invitation, including all the documents which are incorporated therein. A Proposal which does not literally comply may be rejected.
4. For a variance between the request for bids and the bid to be such as to preclude acceptance (the bid must be rejected), the variance or deviation must be a material one.
5. State agencies usually have the express or implied right to reject any and all bids in the best interests of the State. Bids cannot, however, be selectively rejected without cause.
6. Bids cannot be changed after the time designated for receipt and opening thereof. No negotiation as to the scope of the work, amount to be paid, or contractual terms is permitted.
7. A competitive bid, once opened and declared, is in the nature of an irrevocable option and a contract right of which the public agency cannot be deprived without its consent, unless the requirements for rescission are present. All bids become public documents.
8. Bids cannot be accepted "in part" unless the invitation specifically permits such an award.
9. Contracts entered into through the competitive bidding process cannot later be amended unless the ITP includes a provision, to be incorporated in the contract awarded, providing for such amendment.

Since competitive procurement became the required method for securing certain EDP goods or services, the State has received a number of bids which were deemed to be nonresponsive to the ITP or which could not be considered as valid bids within the competitive bidding procedures. Nonresponsive bids or bids which contain qualifications must be rejected. Many of the causes for rejection arise from either an incomplete understanding of the competitive bidding process or

administrative oversight on the part of the Bidders. The following examples are illustrative of more common causes for rejection of bids. These examples are listed to assist potential Bidders in submission of responsive bids.

1. A bid stated, "The prices stated within are for your information only and are subject to change."
2. A bid stated, "This Proposal shall expire thirty (30) days from this date unless extended in writing by the ____ Company." (In this instance award was scheduled to be approximately 45 days after bid submittal date.)
3. A bid for lease of EDP equipment contained lease plans of a duration shorter than that which had been requested in the ITP.
4. A personal services contract stated, "____, in its judgment, believes that the schedules set by the State are extremely optimistic and probably unobtainable. Nevertheless, _____ will exercise its best efforts.."
5. A bid stated, "This Proposal is not intended to be of a contractual nature."
6. A bid contained the notation "prices are subject to change without notice."
7. A bid was received for the purchase of EDP equipment with unacceptable modifications to the Purchase Contract.
8. A bid for lease of EDP equipment contained lease plans of a duration longer than that which had been requested in the ITP with no provision for earlier termination of the contract.
9. A bid for lease of EDP equipment stated, "...this Proposal is preliminary only and the order, when issued, shall constitute the only legally binding commitment of the parties."
10. A bid was delivered to the wrong office.
11. A bid was delivered after the date and time specified in the ITP.
12. An ITP required the delivery of a performance bond covering twenty-five percent (25%) of the proposed contract amount. The bid offered a performance bond to cover "x" dollars which was less than the required twenty-five percent (25%) of the proposed contract amount.
13. A bid did not meet contract goal for Disabled Veteran Business Enterprise (DVBE) participation and did not follow the steps required by the bid to achieve a "good faith effort."
14. A bid appeared to meet contract goal for DVBE participation with the dollars submitted, but the vendor had miscalculated the bid costs. When these corrections were made by the State, the vendor's price had increased and the dollars committed for DVBE participation no longer met goal. The vendor had not followed the steps to achieve a "good faith effort."

3 Current Environment

This section contains a description of the State's EBT Project organization, benefit programs that must be included in the initial development of an EBT system, program organization, current benefit program operations, current automation and technical environments, the commercial environment, and anticipated operational changes resulting from EBT.

3.1 State's Project Organization

3.1.1 Department of General Services, Procurement Division (DGS/PD)

The Department of General Services, Procurement Division (DGS/PD) has the statutory responsibility and authority to conduct information technology acquisitions for California State agencies and departments. The contract that results from this competitive process, ITP HWDC-8024, if awarded, will be authorized and issued by the Deputy Director, Procurement Division. Only solicitation addenda and subsequent contract amendments issued by DGS/PD are valid and binding.

Health and Welfare Data Center (HWDC) and California Department of Social Services (CDSS) will coordinate with DGS/PD to ensure that this ITP process provides complete information to all participating bidders.

3.1.2 Health and Welfare Data Center (HWDC)

HWDC is the State department with primary responsibility for overall project management of the EBT Project including monitoring milestones, activities, timelines, resources, budgets and critical path; implementation; and operations. HWDC is the contracting party responsible for contract monitoring, management, coordination and facilitation of implementation of statewide EBT in the counties, and review and approval of deliverables.

HWDC will provide a full-time Project Director who will manage the EBT Project in terms of the State's responsibilities and deliverables as well as the Contractor's responsibilities and deliverables for the duration of the project. HWDC will also have a project team that will assist the Project Director in the administration of all duties and responsibilities necessary to manage the EBT Project and EBT contract.

The HWDC project team includes an EBT Implementation Team (EIT). The EIT shall include an Implementation Manager, central staff, and regional implementation teams. The EIT will be responsible for oversight and coordination of all implementation activities, including State, county and Contractor tasks. The EIT will provide a central point of contact for all implementation tasks, and will provide structure in managing State and county planning and communication.

Bidders should be aware that the EIT will have extensive involvement in all aspects of EBT implementation. HWDC has established this team in recognition of the complexities associated with California EBT and the need to coordinate planning and resources for 56 counties, multiple eligibility systems, and a large and diverse stakeholder population. The primary mission of this team is to insure a successful implementation. The Contractor shall be required to work closely

with the EIT in a spirit of teamwork and cooperation. The EIT will provide an important resource to the Contractor throughout the implementation phase and help insure success. Bidders shall consider the EIT in preparing the Project Management Plan.

3.1.3 California Department of Social Services (CDSS)

CDSS is the designated EBT Project sponsor. CDSS will participate as a full partner with HWDC and the counties during all phases of the project life cycle. CDSS will also participate as a member of the EBT Committee. It is the responsibility of CDSS to ensure that all program policies are implemented and program goals are met. CDSS is the point of contact for Federal and State agencies and the State Legislature regarding EBT program policy issues.

3.1.4 County Welfare Departments (CWD)

Each county welfare department (CWD) will be responsible for county-level project management, including monitoring milestones, activities, timelines, resources, budgets and critical path; implementation; and operations. The CWD responsibilities include providing the Contractor with an understanding of the CWD's business needs during the general system design; serving as testers during all testing phases; providing training support; and coordinating the conversion and implementation process.

3.1.5 EBT Committee

AB 1542 established the EBT Committee in order to advise HWDC and CDSS on the development and implementation of a statewide EBT system. Membership on the EBT Committee, as delineated by legislation, is comprised of the major stakeholders in California EBT, including representatives of various State offices and departments, the State Assembly, the State Senate, various county associations, the banking and retail industries, and representatives of the recipients who will use the system.

3.2 Program Organization

In California, the Food Stamp Program (FSP), California Work Opportunity and Responsibility to Kids (CalWORKs), and Refugee Cash Assistance (RCA/ECA) are administered by 58 CWDs pursuant to guidelines and regulatory mandates issued by CDSS, in compliance with State and Federal laws and regulations. For the federal FSP, CDSS directives conform to the regulations of Food and Nutrition Service (FNS) of the U.S. Department of Agriculture.

General Assistance (GA), also known as General Relief (GR), is a state-mandated program, but is fully county administered and funded. Eligibility requirements and grant amounts vary from county to county.

3.3 Food Stamp Program Operations

The Food Stamp Program (FSP) is a food assistance program governed by FNS, which helps low-income people buy the food they need for good health. Food Stamp recipients receive benefits monthly and meet at least one of the following eligibility criteria: work for low wages, are unemployed or work part time, receive welfare or other assistance payments, or are homeless. FNS establishes national FSP policies and authorizes food retailers to accept the FSP benefits as payment from customers. FNS monitors retailers' program compliance and investigates retailers suspected of fraudulent activities. Food Stamps cannot be used to buy the following: alcoholic beverages; tobacco or cigarettes; household supplies, soaps, and paper

products; medicines or vitamins; other nonfood items; food(s) that will be eaten in the store; hot foods that are ready to eat; and pet foods.

California has a parallel state-funded food stamp program, the California Food Assistance Program, which serves a portion of the legal immigrant population that is no longer eligible for Federal Food Stamps. The State reimburses the Federal government for the cost of the food stamp benefits that are issued.

CWDs administer the Food Stamp program pursuant to guidelines and regulatory mandates issued by CDSS. The CWDs determine recipient eligibility and deliver program benefits. See Appendix L for the number of offices per county providing intake and ongoing services. The number of offices is subject to change.

Once eligibility has been determined, counties establish a master issuance file, containing all the information needed to identify certified households, issue benefits, record the participation activity, and supply all information necessary to fulfill the reporting requirements for CDSS and FNS.

There are three methods for the issuance of food stamp coupons: mail issuance, Authorization Document (AD) and Direct Access. Counties may employ one or more of these methods for Food Stamp Issuance (See Appendix D for a matrix of FSP issuance methods). Counties may mail food stamp coupons directly to recipients, or may use an AD, which may then be redeemed for food coupons at a designated location. Counties may use direct mail or over-the-counter issuance to deliver ADs. Counties may have recipients redeem the AD in the CWD office, or may contract with an outside issuance agent for the redemption of ADs.

Several counties use a Food Stamp On-Line Issuance System (FSOLIS) which is a type of Direct Access system. In this type of automated system, using on-line issuance terminals, food stamp coupons are issued directly to the household without the use of an AD, based on the issuance agent's direct access to the household's individual record provided by the CWD.

State FSP regulations allow counties to stagger the issuance of FSP benefits throughout the month; those CWDs using direct mail must stagger benefits over at least ten (10) calendar days. The benefits do not have to be issued the first ten (10) days of the month, but they must be delivered on or about the same day each month. No more than 40 days may elapse for a household between benefit issuances. (CA Food Stamp Manual of Policies and Procedures 63-602.4) See Appendix D for current issuance staggering methods by county.

There are currently 16,920 food retailers authorized to participate in the FSP. A list of such retailers is located in the Bidders' Library.

Refer to Appendix D for FSP caseload information.

3.4 CalWORKs Program Operations

Effective January 1998, CalWORKs replaced the programs known as Aid to Families with Dependent Children (AFDC) and Greater Avenues for Independence (GAIN). Under

CalWORKs, aided parents or caretakers in families on welfare, unless exempted, are required to meet work requirements by participating in welfare-to-work activities such as subsidized/unsubsidized employment, work experience, or other training or education. With some exceptions, assistance is limited to sixty (60) months. Recipients receive cash grants that vary depending on the recipient's level of income. The recipient may spend their grant without restrictions regarding products or services purchased. California's 58 counties administer the CalWORKs program, pursuant to guidelines and regulatory mandates issued by CDSS, and are held to certain performance outcomes specified by the CDSS.

CWDs determine eligibility and issue benefits. With the exception of Los Angeles County, all counties use a paper based issuance system, in which recipients receive a warrant drawn on a county-contracted financial institution. Most counties issue warrants for the full benefit amount to recipients on the first of each month. Some counties issue warrants on the first and fifteenth of each month.

Los Angeles County uses an on-line issuance system for CalWORKs, known as Aid to Families with Dependent Children (AFDC) On-Line. Under the AFDC On-Line system, CalWORKs benefits are staggered over the first ten (10) days of the month. CalWORKs recipients are issued a magnetically encoded card, which they may use at any contracted issuance outlet located throughout Los Angeles County. The card is used at the outlet to electronically identify any cash benefit entitlement to be issued at that time. The issuance of benefits is via a warrant printed at the outlet and given to the recipient. As of September 1998, there were 114 active issuance outlets.

Counties have varying levels of automation for their CalWORKs eligibility determination. See Section 3.9, Current Welfare Automation, for a description of current welfare automation

Refer to Appendix D for CalWORKs caseload information.

3.5 Refugee Cash Assistance/Entrant Cash Assistance

The Refugee Cash Assistance/Entrant Cash Assistance (RCA/ECA) programs are federally funded under the federal Refugee Resettlement Program. CWDs administer the program pursuant to guidelines and regulatory mandates issued by CDSS. The CWDs determine recipient eligibility and deliver program benefits. Program benefits are provided for refugees/entrants who have been in the United States eight (8) months or less and are ineligible for CalWORKs or SSI/SSP. Currently, program policy and grant determination standards are generally the same as those for CalWORKs, with a few exceptions.

Counties issue refugee benefits according to the same issuance methods described above for CalWORKs.

Statewide caseload for RCA/ECA is approximately 1,200 and has been declining.

3.6 GA/GR Program Operations

General Assistance (GA), or General Relief (GR), is a state mandated, county funded and administered program to provide cash and in-kind aid to individuals who have no means of

support and who do not qualify for cash aid from any other program. In-kind aid consists of paid housing, utilities, food, medical, etc. Each county sets its own grant amount and eligibility criteria consistent with State law. Only the cash aid portion of GA is currently intended to be included in the EBT system.

Counties may use the same eligibility system that is used for CalWORKs, or may maintain GA eligibility information on a separate database.

For all counties, except Sacramento and Los Angeles, issuance of GA/GR benefits is via a paper-based warrant issuance. Warrants are either mailed by the CWD or retrieved by the recipient.

Sacramento County currently operates an EBT system for the issuance of GA benefits. Recipients use a multi-purpose "Link to Services" card to obtain their cash benefits at participating automated teller machines (ATM) and retailers displaying the Quest service mark.

Los Angeles County uses an on-line issuance system called GOLD for GA issuance.

Refer to Appendix D for GA/GR caseload information.

3.7 Direct Deposit

Currently there are a few counties with operational direct deposit systems for issuance of cash benefits. Some additional counties are currently exploring the feasibility of direct deposit. CDSS intends to conduct a campaign to increase the number of counties offering direct deposit to CalWORKs recipients. CDSS will be working with banks to encourage them to offer low-cost accounts to recipients, and will be working with counties to increase the acceptance of direct deposit among recipients. Counties will be allowed to continue their direct deposit programs in parallel with a cash EBT system. Direct deposit will always be a county option, and a recipient option if a county offers direct deposit.

3.8 Fresno County Benefit Cycling

Fresno County determines eligibility and benefit payment periods for all benefit programs using cycle payments, which is a different methodology than the rest of the counties. Since Fresno County's method of cycle payments, described below, results in de facto staggering of benefits, Fresno will not be required to change this methodology for the EBT environment. Furthermore, recent welfare reform legislation made cycle payments an option for all counties. Thus, there is the possibility that other counties may adopt this methodology during the life of the contract.

Cycle logic is based on the rules for eligibility determination and benefit calculation that speak to the time period of a "month." Historically, no distinction has been drawn between a calendar month and a fiscal month. Assigning fiscal months within and across calendar month(s) provides an alternative to the standard practice of "everything-once-per-month-for-everybody" and enables counties to maximize their utilization of time, staff and computer resources.

This requirement means that any county must be able to construct all service delivery structures so that: the entire client population is served within a calendar month; **but** the population is divided into equal segments; **and** each segment of the population has a designated fiscal cycle

within the calendar month.

A fiscal cycle (“cycle”) can be defined as a period of time consisting of a number of calendar days equal to the number of days in the calendar month in which the cycle starts. For example, a cycle that begins on any day in January would be for the calendar month of January and would have 31 days. Also, for the sake of convenience, a cycle is usually named for the calendar day on which it begins. Thus, if a segment of the client population was designated for “Cycle 12”, their January calendar month would be the January cycle beginning on January 12th and ending on February 11th. Their February cycle would begin on February 12th and end on March 11th, etc. The same rule is true for all calendar months and possible cycles: 28 or 29 days in the February cycle, 31 days in the March cycle, 30 days in the April cycle, and so on.

A second and equally important part of the definition of a cycle is that, for purposes of regulation adherence, a cycle is determined to be in both the calendar month and calendar year in which it starts. Thus a cycle that starts on December 7, 1998 is still in calendar year 1998 when the cycle ends on January 6, 1999. The same logic is true for, and applied to, fiscal year boundaries or any other time period boundary that is expressed in regulations.

A third rule is that there can be only 28 *cycles* in any calendar month (no matter how many calendar days in the month). There cannot be any *cycle 29*, *cycle 30* or *cycle 31* because the least number of days in any calendar month is 28.

3.9 Current Welfare Automation

This section describes the current eligibility system environment and the major system implementation currently underway. The State is in the process of implementing a multiple county consortium strategy known as the Statewide Automated Welfare System (SAWS). The 58 California counties are grouped into four SAWS consortia: Interim Statewide Automated Welfare System (ISAWS), Los Angeles Eligibility Automated Determination Evaluation and Reporting (LEADER), Welfare Case Data System (WCDS), and Consortium IV (C-IV). The four consortia are in varying stages of SAWS planning, development, and implementation. Each consortium will manage, with State oversight, its own system application development and maintenance activities.

The following summary provides an overview of the hardware, software and network protocols of the systems found in California as they are expected to be at the time of EBT implementation. While there will be multiple interface points, the State will develop a standard EBT interface to be used by all county systems interfacing with the Contractor. All counties will use an interface file format for file transmission to the Contractor and expect to receive electronic reports from the Contractor in a common data format.

3.9.1 Consortium Membership**Table 3-1: Consortium Membership**

ISAWS Consortium 35 Counties	LEADER Consortium 1 County	WCDS Consortium 18 Counties	Consortium IV
1. Alpine	1. Los Angeles	1. Alameda	1. Merced
2. Amador		2. Contra Costa	2. Riverside
3. Butte		3. Fresno	3. San Bernardino
4. Calaveras		4. Orange	4. Stanislaus
5. Colusa		5. Placer	
6. Del Norte		6. Sacramento	
7. El Dorado		7. San Diego	
8. Glenn		8. San Francisco	
9. Humboldt		9. San Luis Obispo	
10. Imperial		10. San Mateo	
11. Inyo		11. Santa Barbara	
12. Kern		12. Santa Clara	
13. Kings		13. Santa Cruz	
14. Lake		14. Solano	
15. Lassen		15. Sonoma	
16. Madera		16. Tulare	
17. Marin		17. Ventura	
18. Mariposa		18. Yolo	
19. Mendocino			
20. Modoc			
21. Mono			
22. Monterey			
23. Napa			
24. Nevada			
25. Plumas			
26. San Benito			
27. San Joaquin			
28. Shasta			
29. Sierra			
30. Siskiyou			
31. Sutter			
32. Tehema			
33. Trinity			
34. Tuolumne			
35. Yuba			

3.9.2 Technical Overview

An overview of the four consortia is presented below in the order of their SAWS implementation cycle beginning with the consortium that is fully implemented and ending with the consortia that are in the procurement phase. The majority of WCDS and C-IV counties will implement EBT prior to SAWS implementation. This will necessitate a second round of interface development and testing when the SAWS conversion occurs. It is planned that two WCDS counties and one C-IV county will implement EBT after SAWS implementation.

Table 3-2: Overview of SAWS Implementation Phase Per Consortium

ISAWS	LEADER	WCDS	C-IV
Fully Implemented	Pilot/Implementation	In Procurement	In Procurement

3.9.2.1 ISAWS

The 35 counties that comprise the ISAWS consortium have fully implemented SAWS. HWDC operates the ISAWS application on a Unisys mainframe 2200/900 and 4802/06 with UNIX servers running the UNIX Mapper database application. The network protocol used is TCP/IP. The database is partitioned by county so a separate file transfer will occur by county on a schedule jointly developed by the Contractor and the counties.

Table 3-3: ISAWS Consortium County-Specific Interface Information

County	Platform	Database Software	Telecommunication Protocol
All ISAWS Counties	Unisys mainframes 2200/900 & 4802/06 and UNIX servers with UNIX MAPPER.	MAPPER	TCP/IP

3.9.2.2 LEADER

LEADER is the name of the Los Angeles County eligibility system. The host platform is a UNISYS 2200 running RDMS 2200 database software. TCP/IP network protocol is used. It is planned that LEADER will be fully implemented in Los Angeles County prior to EBT implementation. LEADER will have a single interface to the EBT system.

Table 3-4: Los Angeles County-Specific Interface Information

County	Platform	Database Software	Telecommunication Protocol
Los Angeles	LEADER mainframe is a Unisys 2200; local workstations are Intel Pentium workstations.	RDMS 2200	TCP/IP

3.9.2.3 WCDS

The WCDS is comprised of 18 counties. Seventeen of the counties use IBM-compatible mainframes using IBM VSAM database software and other database software as detailed in the table below. Systems Network Architecture (SNA) and IP network protocols are used. San Diego County is part of this consortium but currently has an EBT system so will not be initially included in the proposed system. San Diego County will migrate to the proposed EBT system upon expiration of its current contract or earlier if it desires. Ventura County currently runs a separate eligibility system but will join the WCDS consortium when SAWS development begins.

While the remaining 16 counties currently employ similar applications, they are in the planning stage of SAWS implementation. Each county will initially require an independent interface to the Contractor except for San Mateo and Santa Cruz counties, which will implement EBT after SAWS implementation. The staging of file transfers between the counties and the Contractor will be determined during the system development phase of the EBT system.

Table 3-5: WCDS County-Specific Interface Information

County	Platform	Database Software	Telecommunication Protocol
Alameda	IBM	IBM- VSAM, QSAM, DB2	SNA, TCP/IP, SDLC
Contra Costa	IBM ES9000	CICS, VSAM	TCP/IP
Fresno	IBM	IBM-VSAM, MS SQL Server, Oracle and Sybase	SNA
Orange	IBM 390	IBM-VSAM, CA Datacom	SNA and IP
Placer	IBM	VSAM	TCP/IP
Sacramento	IBM	IBM-VSAM	SNA
San Francisco	IBM	IBM-VSAM, QSAM	SNA
San Luis Obispo	IBM 2003-125	VSAM	SNA
San Mateo	IBM	VSAM	TCP/IP
Santa Barbara	IBM	VSAM	TCP/IP, IPX, SNA/LLC
Santa Clara	IBM	VSAM, DB2, Sybase	SNA, TCP/IP
Santa Cruz	IBM	VSAM	IPX/SPX, TCP/IP, SNA
Solano	IBM	VSAM	TCP/IP, SNA
Sonoma	IBM	ACCESS, VMS, SYBASE, FOXPRO	SNA
Tulare	IBM	VSAM	SNA
Yolo	IBM	VSAM	SNA

Ventura County currently runs its own eligibility system but will be a member of this SAWS consortium. Ventura County runs on an IBM-9000 Alpha platform using Sybase and IBM VSAM software to support eligibility application. SNA network protocol is used.

Table 3-6: Ventura-WCDS County-Specific Interface Information

County	Platform	Database Software	Telecommunication Protocol
Ventura	IBM-9000 Alpha	CCA, Sybase and VSAM	SNA

3.9.2.4 C-IV

Consortium IV is comprised of four counties including San Bernardino County. These counties have agreed to join together for SAWS but have not yet begun implementation. Each county has its own eligibility system and will require an independent interface to the EBT system except for Merced County which will implement EBT after SAWS implementation.. San Bernardino will not initially be included in this EBT procurement but will migrate to the proposed EBT system upon expiration of its current EBT contract or earlier if it desires.

Merced County uses an IBM mainframe using VSAM, CICS and COBAL database software to support their eligibility application. The network protocol used is TCP/IP.

Table 3-7: Merced County-Specific Interface Information

County	Platform	Database Software	Telecommunication Protocol
Merced	IBM	VSAM, CICS, COBAL	TCP/IP

Riverside County employs an IBM model 9672 CMOS R33 mainframe using an MVS/ESA operating system. Database software consists of MVS, COBOL, CICS, DB2, and IMS DC to support eligibility application. TCP/IP and SNA communications protocols are used.

Table 3-8: Riverside County-Specific Interface Information

County	Platform	Database Software	Telecommunication Protocol
Riverside	IBM	VSAM	SNA

Stanislaus County uses an IBM 390 host running IBM VSAM, MVS, DB2, IMS and CICS software to support eligibility application. TCP/IP communication protocol is used.

Table 3-9: Stanislaus County-Specific Interface Information

County	Platform	Database Software	Telecommunication Protocol
Stanislaus	IBM	VSAM/DB2	TCP/IP

3.9.3 SAWS Environment

Once SAWS implementation is complete, the goal is to have four eligibility systems and four interfaces. The following summarizes the SAWS migration timeline:

Table 3-10: SAWS Migration Timeline (number of interfaces)

Eligibility System	County Migration					
	1998	1999	2000	2001	2002	2003
Consortia ISAWS	All 35 counties complete					
LEADER		1				
WCDS				10		8
C-IV					4	

3.9.3.1 ISAWS

ISAWS is fully implemented in all 35 counties and will only require a single interface to the Contractor system.

3.9.3.2 LEADER

The application is currently in Pilot test. LEADER will be fully implemented prior to EBT implementation. Los Angeles will require a single interface to the Contractor system. The current timeline projections are:

- | | |
|-----------------------------|--------------------------|
| • Acceptance Test | April 1999 |
| • Pilot Implementation | May - September 1999 |
| • Countywide Implementation | October 1999 - July 2000 |

3.9.3.3 WCDS

This 18-county consortium released an Invitation to Partner to develop a new SAWS system. A proposal was received in response and the consortium is in the process of awarding a contract. This consortium will be in the process of SAWS migration during EBT implementation. The current timeline projections are:

- | | |
|---------------------------------------|-------------------------------|
| • Contract approval | September 1999 |
| • User acceptance test | October 2001-March 2002 |
| • Pilot implementation | March - October 2002 |
| • Full consortium-wide implementation | September 2002 - January 2004 |

3.9.3.4 C-IV

This 4-county consortium released a Request for Proposal to develop a new SAWS system and received a proposal in response. This consortium will be in the process of SAWS migration during EBT implementation. The following SAWS timeline projections are:

- | | |
|---------------------------------------|----------------|
| • Contract approval | October 1999 |
| • User acceptance test | September 2001 |
| • Pilot implementation | December 2001 |
| • Full consortium-wide implementation | September 2002 |

3.10 Commercial Environment

As part of the planning activities for the EBT system, initial contacts were made with food retailers, food retail organizations, financial institutions and networks. Representatives from the California Grocers Association (CGA) and the California Bankers Association have been closely involved in the EBT Project planning, and have advised the State in the development of the system requirements.

The CGA has been very interested in and participated in the development of EBT in San Bernardino and San Diego counties, and it would like to see its successful implementation statewide. In February 1993, the CGA, with its long history and extensive knowledge of EFT, formed an EBT committee to ensure that the direction of EBT in California is compatible with existing hardware, software and grocery operations. In September 1993, CGA submitted a position paper on EBT issues, summarizing its recommendations, to assist California in developing EBT business requirements that specifically relate to the state's retail grocery

industry. Its recommendations were taken into consideration in developing the requirements in this ITP.

There are approximately 16,920 retailers authorized by FNS to accept Food Stamps in California. A listing of all authorized locations is available in the Bidders' Library.

It is unknown how many of the FNS authorized retailers are currently equipped with EFT equipment. However, California does have a well-developed commercial EFT infrastructure. Many of the FNS retailers will already be equipped with the equipment necessary for EBT, should they choose to use it. However, the experiences of other states and the San Bernardino and San Diego project show that many retailers that have commercial equipment will, based on their business case, choose to use side-by-side systems with government-supplied point of sale (POS) equipment for EBT.

In addition to FNS retailers, there are other POS merchant locations and ATM locations throughout the state, which may choose to participate in EBT for cash benefits. The number of such locations, by zip code, is available in Appendix F.

3.11 Anticipated Operational Changes Resulting from EBT

It is anticipated that county and State level operations will change and/or be established to facilitate EBT settlement and reconciliation activities. The Contractor must take the following into consideration and work with all impacted participants to ensure that the EBT system will accommodate State and county requirements.

For EBT cash programs, daily settlement will occur at the county level. It is anticipated that a county-by-county daily Automated Clearing House (ACH) debit process will occur in order to settle with the retail community. To ensure that EBT funds are available and to facilitate daily settlement, the Contractor must provide settlement data to all county fiscal units (county treasurers and auditor-controllers, as well as CWDs). Prior to the daily ACH debit, county treasurer offices will use the settlement data to monitor and/or initiate and fund appropriate county accounts for daily settlement purposes. In addition, CWDs and county auditor-controller offices must receive and retain daily settlement data to facilitate a post-audit. This post-audit will reconcile and validate the daily settlement fund activity.

For FSP and cash programs, a daily reconciliation process must be established and performed at the state level to satisfy the federal government's concerns with respect to the accountability of EBT funds. To facilitate this process, the Contractor must provide the State fiscal units with daily county-by-county and statewide summary settlement data. The State will utilize this process and related data to track and reconcile EBT expenditures and settlement activity.

3.12 Bidders' Library

3.12.1 Bidders' Library Contact

The Bidders' Library Contact may be contacted only for the purpose of information from the Bidders' Library. No physical sites are available for Bidder inspection. All other

communication between Bidders and the State must be with the Department Official noted in Section 1.4. The Bidders' Library Contact is:

MaryLou Hernandez
Health and Welfare Data Center
EBT Project
1651 Alhambra Boulevard
Sacramento, CA 95816-7092

Phone: (916) 229-4453
Fax: (916) 229-3170
Email: mhernan3@hwdcaws.cahwnet.gov

3.12.2 Bidders' Library Contents

3.12.2.1 Available through EBT Document Request (Exhibit #3-1)

- FNS EBT I Report – Retailer Information
- FNS EBT II Report – Retailer & Deployment Information
- County technical surveys
- County Welfare Department locations
- Certified Farmers' Markets and Electronic Benefit Transfer: An Analysis of the Use of Food Stamps at Farmers' Markets in California and the Feasibility of EBT
- Feedback form for installing/repairing POS
- FNS Year 2000 guidelines
- FNS EBT System Security Guidelines
- FNS Guidelines for EBT System Acceptance Test Plans
- FNS Handbook 901

3.12.2.2 Available on the Internet (See Exhibit #3-2)

- Code of Federal Regulations (CFR) sections relating to EBT
- Department of Information Technology (DOIT) Project Management Policies and Procedures
- Dymally-Alatorre Bilingual Services Act of 1973
- Quest Operating Rules
- Welfare and Institutions Code §10065-10077
- Technical and Cost Feasibility of EBT Equipage in Farmers' Market and Mobile Food Retailers

3.12.2.3 Exhibit #3-1 Instructions

Materials listed on Exhibit #3-1, EBT Documentation Request, may be purchased by submitting the request form and a check for the total cost to the Bidders' Library Contact listed in Section 3.12.1. Orders may be expedited by faxing a copy of the request. Materials will be mailed upon receipt of payment. Questions regarding the Bidders' Library should be directed to the Bidders' Library Contact.

EXHIBIT #3-1
EBT DOCUMENTATION REQUEST

Name _____

Company _____

Mailing Address _____

Telephone Number _____ Fax Number _____

Email Address _____

Item	Media	Qty	Cost	Total
1. FNS EBT I Report – Retailer Information	3.5” Diskette		\$4.00	
2. FNS EBT II Report – Retailer & Deployment Information	3.5” Diskette		\$4.00	
3. County technical surveys	3.5” Diskettes		\$20.00	
4. County Welfare Department locations	3.5” Diskette		\$4.00	
5. Certified Farmers’ Markets and Electronic Benefit Transfer: An Analysis of the Use of Food Stamps at Farmers’ Markets in California and the Feasibility of EBT	3.5” Diskette		\$4.00	
6. Feedback form for installing/repairing POS	Hardcopy		\$1.00	
7. FNS Year 2000 guidelines	Hardcopy		\$ 2.00	
8. FNS EBT System Security Guidelines	Hardcopy		\$10.50	
9. FNS Guidelines for EBT System Acceptance Test Plans	Hardcopy		\$ 9.00	
10. FNS Handbook 901	Hardcopy		\$12.30	
TOTAL				

**EXHIBIT #3-2
INTERNET ADDRESSES
ORDERING INFORMATION**

Code of Federal Regulations (CFR)	www.access.gpo.gov
Department of Information Technology (DOIT)	www.doit.ca.gov/SIMM
Dymally-Alatorre Bilingual Services Act of 1973	www.leginfo.ca.gov/calaw.html Check the "Government Code" box and type "Dymally-Alatorre" in the search box.
Quest Operating Rules	ebt@nacha.org (Click on Electronic Benefits Transfer Council) or order from NACHA 13665 Dulles Technology Drive, Suite 300 Herndon, VA 20171 (703) 561-1100
Welfare and Institutions Code	www.leginfo.ca.gov/calaw.html
Technical and Cost Feasibility of EBT Equipage in Farmers' Market and Mobile Food Retailers	www.fns.usda.gov/oane

If you are unable to obtain the required information from the addresses listed above, please contact MaryLou Hernandez (See Section 3.12.1).

4 Proposed System

The State is seeking Proposals to develop, implement and operate an on-line EBT system and services for one statewide EBT system to operate in 56 of 58 California counties. San Bernardino County and San Diego County will initially operate a separate EBT system for Food Stamps. The statewide EBT system shall meet or exceed requirements detailed in this ITP and any future amendments. The requirements described apply universally to all 56 counties unless otherwise specified

This ITP is not seeking to develop unproven technology. It is seeking applications of proven EFT technology that can be applied to delivering Food Stamp and cash benefits electronically. This EFT technology includes debit cards, POS devices, automated teller machines (ATM), and related technologies widely used in commercial markets. The Contractor shall use existing EFT industry standards and requirements.

Though the State is seeking a proven EFT solution, this ITP does not preclude Bidders from proposing innovative technology solutions for specific problems posed by California's requirements. For example, farmers' markets may require innovative technology.

The proposed EBT system shall meet the requirements of applicable Federal and State statutes and regulations as well as the Quest Operating Rules, including applicable International Standards Organization (ISO) and American National Standards Institute (ANSI) standards referenced therein. The primary regulatory and policy documents that must be followed in preparing a response to this ITP are:

- 7 CFR 274.12, FSP: Standards for Approval and Operation of Food Stamp Electronic Benefit Transfer Systems
- California Welfare & Institutions Code §10065-10077
- Quest Operating Rules

Existing Federal and State EBT regulations and policies have provided the framework for the development of EBT system design and performance requirements. The requirements outlined in this ITP conform to Federal directives. However, where current EBT regulations were believed to significantly increase development, implementation and operating costs, CDSS has received waivers.

The State has applied for and been granted waivers listed in Table 12. A full description of waivers is located in Appendix E.

Table 4-1: Waivers Approved by FNS

FSP Regulation Requirement	FSP Regulation Citation	ITP Requirement
Recipient Training	7 CFR 274.12(f)(10)(ii)	6.9.1
Replacement Card	7 CFR 274.12(f)(5)(ii)	6.8.4
Supplied Equipment	7 CFR 274.12(g)(4)(ii)(b)	6.10.4.1
Equipment Installation and Testing	7 CFR 274.12(e)(4)(v)	6.10.7
Retailer Charge for Reinstallation of EBT POS Devices	7 CFR 274.12(g)(2)	6.10.7
PIN Encryption from Point of Entry	7 CFR 274.12(h)(7)(iii)	6.8.5
Stale Account Handling	7 CFR 274.12(f)(7)	6.5.6.3
Stale Account Handling – Expungement	7 CFR 274.12(f)(7)(ii)	6.5.6.4
Group Homes' Use of POS	Sec. 10 [2019] of the Food Stamp Act	6.10.4.2

4.1 Program Inclusion

Benefit programs to be included in the EBT system are the Federal FSP, State funded FSP, Temporary Assistance for Needy Families (TANF) known as CalWORKs, Refugee Cash Assistance (RCA/ECA) and county GA/GR. A brief description of each program is included in Section 3, Current Environment. Program caseloads and statistics are provided in Appendix D.

Food Stamps will be included in the EBT system for every county. CalWORKs, RCA/ECA and GA/GR are cash benefit programs that may be included at each county's option. Each county will select those cash programs, if any, it wishes to include as part of the EBT system.

4.2 San Bernardino County and San Diego County

San Bernardino and San Diego counties will not initially be included in this EBT procurement but will migrate to the statewide EBT system upon expiration of their EBT contract or earlier if desired.

4.3 Future Program Additions

The State reserves the right to add programs to the EBT contract in the future, through negotiations with the successful Contractor. No proposal for future program additions is required in the response to this ITP. Refer to Section 5.11, EBT System Innovation, for information on how the State will manage possible program additions in the future. Programs that may be considered for addition in the future include, additional programs administered by CWDs such as foster care payments, child care payments, child support payments, Welfare-to-Work, In-Home Supportive Services (IHSS), special circumstances, and vendor payments. Other programs outside the purview of CWDs may also be considered, including but not limited to Women, Infants and Children (WIC), Workers' Compensation, Low Income Home Energy Assistance Program (LIHEAP), Direct Federal benefits. The State also reserves the right to conduct a separate procurement for EBT services for any of the programs listed here.

4.4 Overview of Proposed System

This section provides an overview of the proposed EBT system. It is not intended to be a comprehensive list of requirements. Detailed administrative, system and operations requirements are described in Sections 5 and 6.

The EBT System shall be used for the issuance of FSP and cash assistance benefits for welfare recipients throughout California.

The Contractor shall provide technical services including

- Establishing multiple interfaces with State departments, CWDs and FNS
- Providing interoperability with the San Bernardino County and San Diego County EBT systems
- Providing interoperability with other states' EBT systems to the extent that it is feasible
- Providing on-line access to EBT information by the State and counties
- Supporting on-line, real time CPU-CPU transactions
- Deploying POS devices and administrative terminals.

The EBT system must be capable of the following broad requirements:

- Account Setup
- Account Maintenance
- Benefit Authorization
- Transaction Processing
- Card Issuance and Personal Identification Number (PIN) Selection
- Settlement and Reconciliation

The Contractor shall also provide the following support services:

- Training for Recipients, State and county staff, and Acquirers
- 24-hour Customer Service for Recipients and Retailers

Management services shall include

- Retailer and acquirer participation
- Implementation and conversion
- Operational escalation procedures
- Backup and disaster recovery procedures
- Recipient and retailer dispute resolution procedures
- Project management
- Risk management
- Reporting

5 Administrative Requirements

5.1 Introduction

This section contains the mandatory Administrative Requirements with which the Bidder must comply. Any deviation from these requirements in the Proposal may cause it to be rejected. If the deviation is found to be material, it will result in rejection of the Proposal as non-responsive.

ALL Bidder requirements within Section 5, Administrative Requirements, are mandatory. An item indicated with “(Mandatory Scorable)” is an item that the Proposal evaluation team will score in accordance with the Proposal Evaluation Methodology identified in Section 9, Evaluation of Proposals.

It is necessary that **each paragraph be acknowledged and agreed to. Bidders must state compliance to each numbered paragraph, or numbered section by completing the legend found at the end of each section.** Bidders must remove or photocopy Section 5, Administrative Requirements from the ITP and insert it into the response to Volume I, Part 2 with appropriate responses. See Section 8, Proposal Format.

There are many Exhibits and several required written responses to the Administrative Requirements that Bidders must complete as part of their response to Section 5, Administrative Requirements. For any requirement with a legend line for Reference Document and Description, a descriptive narrative and/or reference material must be provided. Description information must be addressed separately for any requirement that suggests such, in the order in which they are presented in the ITP, Section 5. Description information must reference the exact location where the requirement is found in the ITP.

5.2 Bidder Responsibility

Prior to award of the contract, the State must be assured that the Bidder selected has all of the resources to successfully perform under the contract. This includes, but is not limited to, personnel in the number and with the skills required, equipment of appropriate type and in sufficient quantity, experience in similar endeavors, and financial resources sufficient to complete performance under the contract.

To evaluate the Bidder's responsibility, the following items shall be submitted as part of Exhibit #5-2: Statement of Experience and Financial Condition.

5.2.1 Financial Information

Bidder shall submit audited financial statements or annual reports for at least the last three (3) years. A Bidder's 10-K is acceptable. In the event of a joint bid, all parties must submit financial information. The following items shall be included:

- Statement of income and related earnings
- Statement of changes in financial position balance sheet
- Form 10-K or personal tax returns for the previous three (3) years
- Two (2) banking references, including the institutions upon which the Bidder, or

- subcontractor(s), draw payroll checks and from which operating funds are disbursed
- A listing of any judgments levied against the Bidder or subcontractor(s)
 - A listing of all litigation or arbitration proceedings within the last three (3) years, including current litigation or arbitration proceedings, by or against, the Bidder or subcontractor(s)
 - Opinions concerning financial statements from a CPA

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.2.2 Company Information

The following company information shall be provided:

- A Statement of Experience which includes, at a minimum, company profile and organizational history. Include specific descriptions of the lines of business and proportional volume of gross income attributable to each line (for example, service versus equipment) and the specific number of years in business
- The current organizational structure
- The number of full time employees at the headquarters and in the State of California

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.3 Bonds and Other Security Documents

All Bidders must submit one of the following, as described below, with the Draft Proposal and the Final Proposal. Proposals submitted without one of the following shall be considered non-responsive and the Proposal shall be rejected.

Letter of Certificate of Deposit; or
Letter for Irrevocable Letter of Credit; or
Certificate of Deposit

NOTE: Within twenty-one (21) days after notification of contract award (unless submitted with the Proposal), the successful Bidder MUST submit the instrument satisfying the bond requirement in the form of a Certificate of Deposit or Irrevocable Letter of Credit. Failure to submit the required document within twenty-one (21) days may be cause for termination of the contract.

Because of the potential consequences which might result if the successful Bidder is unable to furnish any of the specified documents, Bidders should take the necessary steps, prior to submittal of their Proposals, to ensure that, if awarded the contract, they will be able to comply with these requirements.

The State, upon award of contract, shall notify subcontractors listed in Exhibit #5-4 of their participation in the contract. Notification to the subcontractor by the prime contractor is encouraged immediately after an award by the State. In addition, the State reserves the right to contact subcontractors during the bid evaluation process and prior to contract award in order to verify their participation and solicit any additional information that may be deemed necessary to complete the bid evaluation process.

Bidder understands and will submit one security document as defined in Section 5.3.1 through 5.3.6 : Yes _____ No _____

Discussion (if any): _____

5.3.1 Letter of Certificate of Deposit/Letter for Irrevocable Letter of Credit

The letter, guaranteeing issuance of either a Certificate of Deposit or an Irrevocable Letter of Credit, shall be from a bank doing business in this State and insured by the Federal Deposit Insurance Corporation. The letter shall state that if the Bidder is successful, a Certificate of Deposit or an Irrevocable Letter of Credit, as appropriate, in the amount of 100% of DD&I will be furnished to the State within twenty-one (21) calendar days notification of contract award.

5.3.2 Certificate of Deposit

The Bidder shall furnish to the Deputy Director of the Department of General Services Procurement Division at no cost to the State, a Certificate of Deposit. The Certificate of Deposit shall be a Security Deposit Time Certificate of Deposit from a bank insured by the Federal Deposit Insurance Corporation, in the amount of 100% of DD&I, payable to the Department of General Services. The Certificate of Deposit shall be automatically renewable during the contract period and shall remain in effect until the Contractor's satisfactory completion of the contract requirements.

5.4 Corporate Background and Experience (*Mandatory Scorable*)

Corporate Background and Experience is a Mandatory Scorable requirement.

Maximum possible points for Corporate Background and Experience: 60

Refer to Section 9.3.4.2.1 for detailed scoring methodology.

The purpose of the Corporate Background and Experience requirement is to provide the State the ability to verify the claims made in the Proposal by the Bidder, and to ensure that the Bidder has a proven track record of providing the desired services in a satisfactory manner. The Bidder must provide three (3) corporate reference accounts for engagements within the past five (5) years for whom the Bidder has been awarded a contract to implement and maintain a system whose functionality is similar in scope to the requirements of this ITP.

In the context of this ITP, similar in scope means contracts that have provided all facets of the system life cycle for an EBT or EFT project, including planning, design, development, implementation, operations and maintenance. The Bidder must demonstrate experience with account setup and authorization, card maintenance, training, customer account maintenance, transaction processing, customer service, managing acquirer participation, settlement and

reconciliation, reporting and risk management. If the Bidder cannot provide the necessary customer reference for the entire scope of the contract, it must provide three (3) customer references for the Bidder and three (3) customer references for each subcontractor in this contract to fulfill the expertise required of the Bidder and the subcontractor(s).

The description of each reference account must cover the following items:

1. **Organization Name**
2. **Customer Reference:** Name, address and current telephone number for contact person.
3. **Time Period:** Start and end dates, including designation of design, development, implementation and operations phases.
4. **Prime/Subcontractor:** Indication of whether the work was performed as prime contractor or as a subcontractor.
5. **Description of Work:** A brief description of the type of contract and the Bidder's overall responsibilities.
6. **Scope:** Indication of type of work performed. Describe in detail all facets of work performed during the project. Compare project's size and scope to that required by the State of California in a narrative and by percentage.
7. **Production Date:** Begin date for full production processing; indicate whether this date was met and explain any variance.
8. **Complexity:** Total staff months, degree of on-line and batch processing, number of transactions, number of modifications, etc. Compare project complexity to that required by the State of California in a narrative and by percentage.
9. **Integration With Other Systems:** Indicate the number, type and purpose of all system interfaces designed, developed, tested, implemented and maintained.
10. **Within Budget:** Indicate whether or not implementation was within budget and if not, what was the variance.

The Bidder must summarize each corporate reference account using Exhibit #5-3, Corporate Background and Experience Matrix. These reference accounts must be external to the Bidder's organization and with a paying customer.

NOTE: If a single subcontractor will be performing ten percent (10%) or more of the total value of the contract awarded, three (3) subcontractor references applicable to the work to be performed by the subcontractor must also be submitted in the format prescribed above.

The State will contact these references. The Bidder is responsible for ensuring that the reference is aware of the State's potential contact. In contacting references, the State will score the reference based on confirmation of the Bidder's past performance in areas such as project integration and coordination of subcontractors, system performance and responsiveness when performance problems arise, resource allocation, and satisfaction with customer service call center.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5 Key Staffing (Mandatory Scorable)

Key Staffing is a Mandatory Scorable requirement.

Maximum possible points for Key Staffing: 130

Refer to Section 9.3.4.2.2 for detailed scoring methodology.

The Bidder shall specify the names and provide resumes of key project staff, including references, except for the Retail Installation and Integration Manager who is not required to be named in the Proposal. The Bidder shall identify all key staff experience on the required resumes. All resumes shall be in a consistent format. If not currently employed by the Bidder, copies of letters offering and accepting employment shall be included with the response. Key staff experience will be validated through reference checks.

In addition to the fourteen (14) key staff positions named below, the Bidder shall propose an appropriate mix of systems analysts, systems integrators, network specialists, installers, trainers, operations staff, support staff, and any other job classifications deemed necessary and appropriate by the Bidder.

To increase the likelihood of this project's success, the State expects the proposed key staff to have a high level of technical knowledge, skill and experience with EBT or EFT, as well as with the Bidder's proposed system. Knowledge of welfare benefit programs and California's unique infrastructure is also desirable.

The proposed key project staff specified in the Bidder's Proposal shall be the same key project staff who will carry out the work of the contract, except as provided in Section 5.5.5. In addition, the State reserves the right to disapprove the continuing assignment of Contractor or subcontractor personnel provided to the State under this Contract. The State will provide a two-week written notice to the Project Manager if personnel are to be replaced. An explanation as to why the State requires their replacement will be provided with the written notice. The Contractor or Subcontractor will be given a reasonable period of time (not to exceed thirty (30) calendar days) to present to the State resumes of replacement personnel for State approval. The Contractor must maintain an appropriate staffing mix and staffing levels for the duration of the contract. Any replacement personnel during the life of the contract must meet or exceed the skill level that the Bidder proposed and was scored on.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.5.1 Key Staff

Each key project staff position listed below includes a description of the responsibilities, duties and minimum experience required of that position. **For each position, the proposed key staff shall have, as a minimum requirement, experience in the general areas of responsibility listed for that position.**

5.5.1.1 Project Director/Corporate Officer in Charge

The Project Director/Corporate Officer in Charge will be responsible for ensuring that the project receives the highest level of corporate support, commitment, and oversight. The Project Director/Corporate Officer in Charge will be responsible for committing the Contractor to all contractual agreements with the State; providing direction to the project effort; ensuring that all staff needs and other resources for the project are met as required; and maintaining accountability for staff performance. The Project Director/Corporate Officer in Charge is responsible for managing contractual relationships, administering agreements with financial institutions and ATM networks, administering and ensuring resource availability, managing communications for reporting and problem resolution with Contractor executive staff, and managing fiscal reporting.

Minimum Requirements: 3 years as Project Director;
 5 additional years of experience as Project Manager

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.2 Project Manager

The Project Manager will be responsible for the day-to-day management of the project including overall performance and contract compliance. The Project Manager will report directly to the Project Director/Corporate Officer in Charge and will be responsible for managing and coordinating the Contractor resources assigned to the project, and ensuring that all tasks in the Project Work Plan and Implementation Work Plan are executed in keeping with the schedules and State requirements. The Project Manager responsibilities will include:

- Providing day-to-day management and direction of Contractor resources assigned to the project;
- Managing the project to the current work plans and coordinating the availability of scheduled resources to the project;
- Managing all project resources and ensuring that appropriate resources are available throughout the life of the contract;
- Establishing and maintaining regular communications with the State and counties;
- Providing written status reports as required;
- Maintaining issue reporting, tracking, escalation and resolution procedures
- Conducting ongoing reviews with State EBT Project Team members and ensuring escalation procedures are followed and issues are resolved
- Practicing change management controls and procedures in coordination with the State
- Preparing budgetary updates
- Monitoring and maintaining the project's financial budget
- Ensuring the timely development and delivery of quality project deliverables
- Monitoring and maintaining the development and implementation schedules

- Analyzing progress and suggesting changes as deemed appropriate
- Overseeing preparation of all documents, correspondence, and meeting agendas
- Development and implementation of a quality assurance process to ensure all objectives are met, milestones are achieved, and stakeholders are satisfied
- Informing the State of any issues that might cause project delays.

The Project Manager will identify any potential problem areas, recommend solutions, and work closely and cooperatively with the Project Director to resolve issues quickly and fairly. He or she will also provide the State with written status reports and keep them informed of project progress versus the work plans. The Project Manager is responsible for instituting quality control over all deliverables submitted for review.

Minimum Requirements: 5 years project management experience and at least 2 years of project management experience on EFT/EBT or large system integration project

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.3 Project /Contract Administrator

The Project/Contract Administrator will be responsible for developing and maintaining the contractor's administrative infrastructure. The position will monitor and administer the contract, prepare, track and submit invoices to the State for payment. The position will coordinate the development of and maintain a repository for all project plans, schedules, deliverables and project working papers. The position will also be responsible for developing and maintaining a change management system as well as project issues.

Minimum Requirements: 2 years of experience performing the duties described above.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.4 Technical Project Manager

The Technical Project Manager (Technical PM) will be responsible for facilitating the system design process and ensuring that appropriate technical resources are available to the State project team to expedite the discussion and resolution of system design, interface, testing, development, and operations issues. The Technical PM will participate in the system requirements definition and design meetings and the system interface design meetings, and will be responsible for the development and finalization of all system design documents. The Technical PM will also manage the system development and testing activities and will be responsible for the preparation of all related status reports and deliverables.

Minimum Requirements: 5 years technical project management on EFT/EBT or large system integration projects

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.5 Telecommunications Manager

The Telecommunications Manager will oversee the telecommunications design and plan to support the EBT system including the system interfaces with the State system(s), county eligibility and financial systems, administrative and POS terminals, and Customer Service Center (CSC) telecommunications network(s). The Telecommunications Manager will plan and manage all network installation activities, oversee all necessary network testing, monitor network performance, and ensure that network capacity is sufficient and appropriate to support the California EBT requirements, and ensure the successful integration of a broad scope of telecommunication hardware and software.

Minimum Requirements: 5 years of Telecommunications Network Management

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.6 Operations Manager

The Operations Manager will manage operations at the Contractor's data center or host site operations. The Operations Manager will oversee the computer services for the EBT system and manage all associated project staff. The Operations Manager will be responsible for all EBT system operations, including development, certification, conversion, batch processes, transaction processing, settlement, reconciliation, reporting, performance monitoring, and capacity planning/sizing. The Operations Manager will interact with State and county project staff in evaluating and resolving all operational issues.

Minimum Requirements: 5 years of Operations Management of a similar complex system as defined in 5.4, Corporate Background and Experience

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.7 Systems Implementation Manager

The Systems Implementation Manager will be responsible for the timely coordination of all implementation related tasks. The Systems Implementation Manager will oversee and manage the activities of the Regional Implementation Managers. The Systems Implementation Manager will:

- Define all implementation tasks and critical path items
- Manage and monitor staff activities
- Monitor project progress
- Identify issues and potential causes for project delays
- Ensure that appropriate staff and project resources are available to efficiently support the implementation activities including tracking and ordering systems
- Ensure the timely completion of each task in compliance with the Implementation Work Plan

Minimum Requirements: 4 years of general management experience and at least 2 years of systems implementation management on a similar complex system as defined in 5.4, Corporate Background and Experience

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.8 Regional Implementation Managers

One (1) Regional Implementation Manager must be named in the Proposal. Contractor will need to provide up to one (1) Regional Implementation Manager per region concurrently during implementation.

Regional Implementation Managers will support the Systems Implementation Manager and provide regional on-site support. Regional Implementation Managers will work closely with State and county project representatives to plan, prepare and coordinate implementation activities. They will provide regular progress reports and identify issues and problems that pose potential project delays. Regional Implementation Managers will assist in developing issue resolution and risk mitigation strategies to ensure the timely implementation of the system.

Minimum Requirements: 2 years management experience and 1 year system implementation management experience on a similar complex system as defined in 5.4, Corporate Background and Experience

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.9 Retailer Manager

The Retailer Manager will be responsible for contacting and communicating with all California retailers, including both FNS-authorized and non-FNS retailers. The Retailer Manager will

prepare and execute a retailer communications/marketing plan to inform retailers about the EBT Project. The Retailer Manager will be responsible for tracking and resolving retailer issues in a timely manner and providing regular communications with the retailer community. The Retailer Manager will also be responsible for preparing retailer information packets; preparing retailer contract agreements; overseeing the development and distribution of retailer training materials; developing terminal deployment and installation plans; and overseeing the timely delivery and installation of retailer equipment. The Retailer Manager will ensure that appropriate staff and other project resources are available to support retailer marketing, training, and installation activities including a correspondence tracking system, an issue tracking system, an agreement tracking system, an equipment ordering and installation tracking system, and a maintenance response and tracking system. The Retailer Manager shall also coordinate with the Customer Services Manager to review retailer issues and identify issue resolution strategies.

Minimum Requirements: 3 years management experience and 2 years retailer management experience including responsibilities as defined above

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.10 Retail Installation and Integration Manager

Bidder does not have to name this person in the Proposal. A resume is not required for the Proposal, but will be required by the State sixty (60) days prior to onset of the position responsibilities. Bidders must indicate in the Proposal an estimated start date for this position.

The Retailer Installation and Integration Manager (RIIM) will support the Retailer Manager with equipment installation and integration issues and activities. The RIIM will focus efforts on the resolution of retailer and third party processor system integration issues. The RIIM will report on equipment installation and integration issues, research technological alternatives, and coordinate with retailers and third party processors to resolve issues.

Minimum Requirements: 3 years managing POS deployment and system integration activities

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.11 Test Manager

The Test Manager will be responsible for the development and approval of a comprehensive System Test Plan and detailed test plans, scripts and methodologies for each of the testing activities specified in Section 5.14. The Test Manager will be responsible for planning, preparing and executing all testing activities for the Contractor.

Minimum Requirements: 3 years Technical Lead, Operations Manager or Testing Manager for a similar complex project

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.12 Cash Access Manager

The Cash Access Manager will be responsible for finalizing the Cash Access Plans for all counties choosing to use the EBT system for cash benefit issuance. The Cash Access Manager will be responsible for identifying and tracking cash access issues and working with the State, counties and stakeholders to develop a comprehensive cash access strategy that addresses cash access issues. The Cash Access Manager will examine county-specific cash access needs and recommend strategies to measure and provide adequate cash access and cash access implementation plans for those counties implementing EBT for cash programs. The Cash Access Manager will be required to develop and execute community outreach/marketing plans, as necessary, to achieve desired access locations. In addition, if ATM terminals are included in the Contractor's proposed Cash Access Plan, the Cash Access Manager will be responsible for securing the participation of all necessary ATM networks and ATM owners to support cash access needs.

Minimum Requirements: 3 years of POS marketing activities
If Bidder proposes ATMs, the Cash Access Manager must have ATM industry experience.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.13 Training Manager

The Training Manager will be responsible for planning, coordinating and managing all client, retailer, State and county training activities. The Training Manager will meet with State, county and other stakeholder representatives to assess training requirements and develop detailed training plans in compliance with the training requirements specified in this ITP. The Training Manager will oversee the development of all related training materials and will be responsible for ensuring that California receives the highest quality training materials as required by the ITP. The Training Manager will ensure the timely distribution of all training materials both for review and final approval and throughout system conversion and implementation. In addition, the Training Manager will plan and manage all train-the-trainer activities and coordinate activities with State and county staff as necessary.

Minimum Requirements: 3 years of Training Management

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.1.14 Customer Service Manager

This position will have primary responsibility of managing all customer service related functions for recipients and retailers. Duties include defining requirements and implementing customer services, managing the CSC, training and managing Customer Services Representatives, monitoring customer service issues and performance, recommending issue resolution strategies, escalating performance issues, providing monthly and periodic statistical reports, and developing and maintaining appropriate problem escalation and resolution procedures.

Minimum Requirements: 3 years of Customer Service Management

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.2 Roles and Responsibilities

To help the State understand the Bidder's Proposal, each Bidder shall include in its Proposal background information about the Bidder and any subcontractor that will be providing personal services required in this ITP. This information must include the roles and responsibilities of these organizations and the qualifications of each organization to provide its component of the EBT system to the State; and a discussion of the availability of the system and the hardware.

The Contractor shall assume responsibility for coordination, control, and performance of subcontractors, if any. The Contractor will be responsible for the completion of any work that the Contractor has subcontracted. Bidders must complete Exhibit #5-4, Subcontractors, whether or not subcontractors will be used.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.5.3 Additional Staff

For staff not named in the Proposal that will be providing personal services required in this ITP, the Bidder must agree to provide resumes and obtain State approval before assignment to the Project.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.5.4 Staffing Location

The State desires that certain key staff be housed in Sacramento with the State's Project Team. Office space for Contractor staff located in Sacramento shall be provided by the State. At a minimum, the Project Manager shall be headquartered in Sacramento from the onset of the contract throughout full statewide implementation. The Technical Project Manager shall be on-site as required based on job description. Regional Implementation Managers shall be located on-site in their respective regional locations throughout full regional implementation. The contractor will indicate any other staff that will be located in Sacramento with the State's Project Team as well as where all other staff not in Sacramento will be located. For all positions, the State reserves the right to require increased on-site participation if the Contractor's on-site staffing is inadequate.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.5.5 Reassignment

Contractor shall not reassign Project Team members to other contracts while in the employment of the Contractor if such reassignment will conflict with the work the individual is to perform on this Project. The State recognizes that resignation or other events may cause a Project Team member to no longer be available to the Contractor. If this should occur, then Contractor should be aware that the State reserves the right to approve all staff assigned by the Contractor to the Project. This also includes substitutions made between submittal of the Final Proposal and actual start of the Project, as well as staffing changes that may be made during the course of the Project. Any replacement personnel during the life of the contract must meet or exceed the skill level that the Bidder proposed and was scored on.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.6 Project Management Plan (*Mandatory Scorable*)

The Project Management Plan is a Mandatory Scorable requirement.

Maximum possible points for Project Management Plan: 90 points

Refer to Section 9.3.4.2.3 for detailed scoring methodology.

The Bidder shall provide a proposed detailed Project Management Plan. The proposed plan will be the basis of the Final Project Management Plan, which will guide management of the State's EBT Project through all project phases. The proposed Project Management Plan must include sections that address each of the areas described below. These areas are Project Work Plan, Staffing and Organization, Quality Assurance, and Risk Management.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.1 Project Work Plan

The Bidder shall provide a comprehensive, detailed Project Work Plan. In preparing the Project Work Plan, the Bidder should use the EBT Project Life Cycle model described below to establish key milestone dates. An alternate schedule proposed by the Bidder will be considered if the supporting rationale and criteria are clearly explained. The Project Work Plan shall include a schedule of all tasks and deliverables required for the design, development (including testing), and operations of the EBT system. Wherever the ITP requires a specific subtask plan, the work plan details shall be included there, and the Project Work Plan shall contain high level milestones and deliverables only (e.g. The Implementation Work Plan shall contain the schedule of all implementation tasks and deliverables, whereas, the Project Work Plan shall only contain the beginning and ending dates of each eligibility system interface development, Pilot County implementation and evaluation, and each county implementation).

The Project Work Plan shall include a schedule of all tasks and subtasks, including dependency tasks and tasks within the critical path. Project milestones and deliverables shall also be identified. In addition, the plan shall delineate the responsibilities of both the Contractor and the State for each task, and include a description of and scheduled date for the completion of each deliverable. The Project Work Plan must also show for each deliverable, the time period for State review and comment, the subsequent time period for correction by the Contractor prior to final submission and a deadline for acceptance of the Final version of the deliverable.

The Project Work Plan must, at a minimum, contain the elements listed below.

1. Milestones
2. Key deliverables
3. Tasks and subtasks, including dependency tasks and tasks within the critical path
4. Resource loading - number, level and type of staff summarized for each task and subtask
5. Critical path diagram
6. Gantt chart showing planned and actual start and end dates for all tasks and subtasks, and percentage complete

7. Time period for state review and comment, and subsequent time period for Contractor correction

5.6.1.1 EBT Project Life Cycle

The EBT Project life cycle shall consist of three main phases: Design, Development, and Implementation.

5.6.1.1.1 Design Phase

The Design Phase begins with contract award and ends when the system is ready for coding and testing. All Design Phase tasks and deliverables should be completed within five (5) months. The Design Phase may be shorter than five (5) months. Design Phase tasks include, but are not limited to

- Finalizing Project Work Plan;
- Joint application development
- System design, documentation and design review
- Developing operations and user's manuals;
- Developing training materials;
- Developing the System Test Plan; and
- Finalizing the Implementation Work Plan.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.1.1.2 Development Phase

The Development Phase begins with coding and testing and ends when the system is ready for deployment in the pilot county. Development Phase activities must be completed within nine (9) months of the start date to ensure pilot operations commence no later than ten (10) months after contract award. Some tasks in the Development Phase may overlap with tasks in the Design Phase; however, all Design Phase tasks must be completed and all associated deliverables must be reviewed and accepted by the State by the end of the fifth month after contract award. Otherwise, work on any Development Phase tasks must cease until all Design Phase tasks and deliverables are complete. Development Phase tasks include, but are not limited to

- Developing and testing system software
- Developing and testing interfaces
- Finalizing user's manuals and training materials
- Performing the Functional Demonstration
- Performing the Acceptance Tests
- Finalizing Detailed System Design documentation

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.1.1.3 Implementation Phase

The Implementation Phase begins with the deployment of the system in the Pilot County and ends with the conversion of the final case in the last county implemented. Implementation tasks include, but are not limited to, developing County Implementation Work Plans, testing county interfaces to the EBT system, installing POS terminals and administrative equipment, conducting training, and issuing EBT cards. The Implementation Phase has two sub-phases: Pilot Phase and Statewide Implementation Phase.

The Pilot Phase shall begin after all Development Phase tasks and deliverables are completed and signed off by the State. The Contractor will implement and operate the EBT system in one county for a period of up to three (3) months, after which the State will conduct a Pilot Evaluation and prepare a Pilot Evaluation Report with assistance from the Contractor and Pilot County. The Pilot Evaluation may take up to two (2) months. The Contractor shall complete any necessary system modifications identified through the Pilot Evaluation, and shall revise any pertinent system documentation to reflect system modifications prior to further implementation of the EBT system. Following State acceptance of any required system modifications phased statewide implementation shall commence and shall continue according to the approved Implementation Work Plan until EBT is fully implemented statewide.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.2 Staffing and Organization

The State anticipates that the Bidder will propose a project team composed of the best-qualified staff for the California EBT Project. Given the size, scope and complexity of this project, it is equally important that the project staff presented in this Proposal have available the hours necessary to work effectively on the project. To address this concern, the Bidder shall provide with this Proposal, a comprehensive description of project Staffing, addressing at a minimum each of the areas listed below.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.2.1 Staff Resource Allocation

The Bidder must present its assumptions for estimating the staff resources necessary to meet the needs of the California EBT Project, including total number of full time equivalent staff in the various positions proposed, summaries of the number, level and type of staff for each task and subtask in the Project Work Plan including each eligibility system interface development, the Pilot County implementation, and each county implementation.

The Bidder must also provide information pertaining to key staff positions, as described below.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.2.1.1 Project Manager

The Project Manager will coordinate directly with the Project Director and staff. The Bidder shall provide a resume for the proposed Project Manager demonstrating that the person meets the requirements delineated in Section 5.5, Key Staffing. The Bidder's Proposal shall describe in detail the roles and responsibilities of the Project Manager, and discuss how the Project Manager will interact with the State. It is the State's expectation that the Contractor's designated Project Manager shall have direct responsibility and decision making authority on behalf of the Contractor organization.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.2.1.2 Project Team

The Bidder shall also describe in detail the roles and responsibilities of all key project team members proposed in Section 5.5, Key Staffing. Names and resumes for all key staff must be included in the Proposal, unless otherwise noted. The Bidder shall commit to provide the appropriate staff on site and within the State as necessary through all project phases.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.2.2 Staff Management

The Bidder shall also describe how staff will be organized, managed, and where they will be located. This section shall include a project organization chart that shows all project staff members, staff assignments, and the proposed lines of authority and communication within the Contractor's project team. Bidder shall also define the internal review process by which all work performed is reviewed and approved. This section shall also describe how the project team will interact with the State Project Team, as well as the Contractor's management structure and the methods to ensure adequate oversight and executive direction for the project. In addressing this area, the Contractor shall identify the corporate officer(s) to be contacted in the event that major problems arise during the performance of the Contract.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.2.3 Contingency/Transition Process

The Bidder shall describe a Contingency/Transition process that describes how the Contractor will ensure continued progress on the project during periods of staff absence and staff turnover. The Bidder is encouraged to cite examples of how staff transitions were made successfully on other projects.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.3 Quality Assurance

The Bidder shall provide the State with a product of the highest possible quality, delivered in compliance with State requirements, on schedule, and within the project budget. This will be accomplished through the use of proven quality assurance and quality control standards and procedures. The California EBT Project will require a large and complex development and implementation effort with multiple dependencies. The absence of effective, proven quality assurance procedures would severely impact the success of this project.

The Bidder shall describe a comprehensive Quality Assurance process describing in detail its approach to quality assurance, and addressing all performance measures necessary to monitor a project comparable in size and scope to the California EBT Project. The Bidder must also describe how the Contractor will work cooperatively with multiple agencies and project participants including State staff, county staff, subcontractors, and others. At a minimum, the Bidder must present quality assurance controls pertaining to the elements outlined below. The Bidder is encouraged to cite specific examples of how these quality assurance techniques were used successfully on other EBT or EFT projects.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.3.1 Project Schedule Controls

The Quality Assurance approach must describe all schedule control techniques used to ensure that project tasks are completed within prescribed time periods, and that all project milestones are subsequently met.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.3.2 Technical Compliance

The Bidder must also describe the methods used to ensure that all work performed by the Contractor is monitored and measured against the technical requirements of the contract on an ongoing basis. This ensures that compliance with the technical specifications of the contract will not be compromised during the development and testing processes.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.3.3 Issue Resolution

Although issue management systems benefit the project by tracking and reporting on project issues, they are of little value if issues are not properly addressed and brought to closure. Therefore, the Contractor must have, in addition to the issue tracking system, documented procedures that lead to definitive issue resolution. The Contractor will assess the impact of issues on the project, report this information, and make recommendations to the State for resolving these issues. This section must also present the Contractor's issue resolution procedures including timeframes for resolving issues, lines of responsibility, and assignment of authority for final resolution.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.6.3.4 Change Management

As part of the Quality Assurance approach, the Bidder shall describe a system Change Management process. The Change Management process shall identify the steps that allow changes to be identified, evaluated, priced, and tracked through closure. The first component of this requirement is to describe methods for identifying changes, evaluating these issues, determining the impact of these issues on the project, and reporting these critical issues to the State in a timely manner. The second component of this requirement is to describe processes and procedures, as well as an automated system, to report and track changes at the project level. The Change Management process shall include all changes to all aspects of the project, and must be in effect throughout the project life cycle.

The Proposal shall describe how the Contractor will work with the State to establish appropriate change control procedures. The Proposal shall describe the staff that will be involved in the change control process, including the staff member ultimately responsible for authorizing changes to the California EBT Project. The Proposal must provide procedures for a well-defined, authoritative State role in the Change Management process. Before any changes are made to the system, change requests shall be provided to the State Change Control Board for approval. Change requests shall include problems, areas affected, issues, recommended solutions, anticipated costs, all anticipated man-hours, and projected implementation timelines. The Contractor shall also accept change requests from the State per the provisions of the contract.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____Page(s) _____

Description: _____

5.6.3.5 Deliverable Development and Review

The Bidder shall describe its internal deliverable review processes for assurance of deliverable quality. This must include all internal checks and reviews performed prior to system implementation, and should indicate the staff responsible at each stage of review. In addition to this description, the Bidder must also address the process of deliverable development. At the beginning of the project, the Contractor will work with the State to review and thoroughly define all deliverable requirements. In this section, the Bidder must describe how this will be accomplished.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____Page(s) _____

Description: _____

5.6.4 Risk Management

The Bidder shall demonstrate its ability to deal effectively with risk by including with this Proposal a formal Risk Management process. This process shall be designed to identify, analyze, mitigate, track, and report on the various risks associated with the California EBT Project. The Bidder is encouraged to cite specific examples of how these risk management techniques were used successfully on other EBT or EFT projects.

The Contractor shall inform the Project Director of risks by including an updated risk report with each Monthly project status report. The Bidder shall define methods for performing each of the following tasks.

Risk Identification – Describe the process of identifying all project risks, and of categorizing such risks (suggested risk categories are listed below).

Analysis of Risk – Describe the procedures for analyzing and assigning priority to risks. This should include a description of the criteria for prioritizing risk.

Risk Mitigation – Describe how the project team will work to mitigate project risk. Also explain the procedures used to address serious project risk in cases where mitigating action has failed.

Risk Tracking– Describe the methods used to track risk, including the assignment of responsibility for risk factors to project team members.

Risk Reporting – Provide a sample of database and report formats indicating how risks will be formally documented, tracked and reported.

The Bidder shall identify project risks pertaining to the California EBT Project. These may include, but are not limited to, risks in the categories defined below. The Bidder may also identify any other anticipated risks or potential risks that may impact the California EBT Project.

Table 5-1: Risk Categories

Risk Category	Definition
Technical Risk	These include risks relative to accuracy and response time performance, security and privacy considerations, capacity, maintainability, and implementation and conversion problems.
Economic Risk	This category includes the risk of failing to maintain within the project budget.
Schedule Risk	This is the risk of failure to adhere to the project schedule. Delays due to schedule slippage may present a significant risk to the project.
Operational/Support Risk	These are the risks associated with either 1) failure to deliver the system, or 2) delivery of a system that does not meet the State's requirements.
Client/User Satisfaction Risk	This is the risk that either 1) clients have difficulty accessing their benefits or 2) users have difficulty using the system.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7 Implementation Plan (*Mandatory Scorable*)

The Implementation Plan is a Mandatory Scorable requirement.

Maximum possible points for Implementation Plan: 80 points

Refer to Section 9.3.4.2.4 for detailed scoring methodology.

Bidders shall submit an Implementation Plan in response to the State's implementation approach as outlined below and in Appendix M. The Implementation Plan shall outline a proposed schedule and activities necessary to ensure the successful implementation of EBT statewide. The schedule shall assume concurrent implementation of Food Stamps and cash programs in every county.

Current Federal law requires that Food Stamp EBT implementation be completed statewide no later than October 1, 2002. California desires to implement EBT as expeditiously as is prudent, and to complete Food Stamp EBT implementation in compliance with the Federal deadline as nearly as possible. The State welcomes the Bidder's innovative and creative proposals for meeting these objectives.

At a minimum, the Bidder's Implementation Plan shall include the following:

- Implementation Work Plan schedule with implementation tasks and deliverables from Pilot County implementation through full statewide implementation
- County Implementation Work Plan Template with all Contractor and county implementation tasks and deliverables necessary to implement EBT in a county
- County Implementation Work Plan for implementation in the Pilot County (Pilot County Work Plan)
- Description of phased statewide implementation and readiness determinations
- Equipment installation schedules and plans for POS terminal deployment and administrative equipment installation
- Training schedules for State and county personnel
- Schedules for recipient card issuance activities
- Proposed staffing throughout the Implementation Phase

After contract award, the Contractor shall work in conjunction with the State and counties to finalize a detailed Statewide Implementation Plan based upon the Implementation Plan submitted with the Final Proposal. The Statewide Implementation Plan shall refine and add detail to all the items listed above including the order and timing of county implementations. The Statewide Implementation Plan shall be submitted to the State 90 days after contract award. The Contractor shall implement EBT according to the State-approved Statewide Implementation Plan.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____Page(s) _____

Description: _____

5.7.1 Implementation Approach

The State has developed an approach to statewide implementation of EBT based on regions and waves. This approach allows for several counties to implement EBT concurrently as EBT is implemented statewide. Appendix M provides a detailed description of the implementation approach, including a recommended sequence of county implementations, a preliminary proposed implementation schedule, and a description of the criteria used in developing the preliminary proposed implementation schedule. The following is a summary of the State's implementation approach.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____Page(s) _____

Description: _____

5.7.1.1 Implementation Regions

The implementation regions provide for geographic coordination of implementation activities in neighboring counties. The State EBT Implementation Team will organize its resources based on the regions of counties. The Contractor is required to provide a Regional Implementation Manager for each region while any county in the region is implementing EBT (may require up to five (5) Regional Implementation Managers concurrently). The Regional Implementation Managers will work closely with the State and county project representatives on-site in the counties to plan, prepare for and coordinate implementation activities. The Systems Implementation Manager will oversee the activities of the Regional Implementation Managers and coordinate implementation statewide.

The State recommends that counties be organized into the following five regions:

- Region 1 Los Angeles County
Approximately 35 district offices
- Region 2 Northern California Counties
ISAWS Counties: Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Yuba
- Region 3 Central California Counties
ISAWS Counties: Alpine, Amador, Calaveras, El Dorado, Inyo, Kings, Madera, Mariposa, Mono, Monterey, San Benito, San Joaquin, Tuolumne
WCDS Counties: Fresno, Placer, Sacramento, Tulare, Yolo
C-IV Counties: Merced, Stanislaus
- Region 4 Southern California Counties
ISAWS Counties: Imperial, Kern
WCDS Counties: Orange, San Luis Obispo, Santa Barbara, Ventura
C-IV Counties: Riverside
- Region 5 Central California Coastal Counties
WCDS Counties: Alameda, Contra Costa, San Francisco, San Mateo, Santa Cruz, Santa Clara, Solano, Sonoma

5.7.1.2 Implementation Waves

The implementation waves describe the timing of county EBT implementations throughout the State. The State envisions rollout waves consisting of multiple, concurrent county implementations that are approximately twelve (12) months in duration. (The actual duration for each county implementation may vary based on the caseloads and office configurations in each county). Each wave will include county implementation activity concurrently in more than one region. The completion of implementation in any region will occur in two or more waves. The beginning of county implementation tasks in one wave may overlap the ending of county implementation tasks in the previous wave.

Each county implementation is divided into three phases: 1) County Readiness; 2) County Planning and Installation; and 3) County Implementation;

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____Page(s) _____

Description: _____

5.7.1.2.1 County Readiness

During the County Readiness Phase (no more than two (2) months at the beginning of each wave), the State EBT Implementation Team will lead in the following activities in each county. The Contractor shall participate as needed.

- Organizing county implementation teams
- Setting county priorities
- Establishing county-specific EBT policies
- Selecting county options
- Identifying financial interface requirements
- Identifying, contacting and organizing external stakeholders

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____Page(s) _____

Description: _____

5.7.1.2.2 County Planning and Installation

During the County Planning and Installation phase (no more than 5 months), the Contractor's team will lead in the following activities in each county. The State EBT Implementation Team shall participate as needed.

- Developing a county-specific implementation work plan from the County Implementation Work Plan Template
- Implementation planning
- Developing strategies and procedures for card issuance, PIN selection, benefit conversion, benefit reconciliation, cash settlement processing, staff training, recipient training and contingency processing
- Identifying and readying sites for EBT equipment installation
- Installing EBT administrative equipment
- Installing retailer equipment
- Training county staff
- Preparing for case conversion
- Developing and testing financial system interfaces (if required for cash EBT)

- Setting up training facilities
- Retailer training

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.1.2.3 County Implementation Phase

During the county implementation phase (no more than five months) the Contractor's team will lead in the following activities in each county. The State EBT Implementation Team shall participate as needed.

- Training recipients
- Issuing cards
- Implementing county EBT operational processes and procedures
- Assisting recipients with PIN selection
- Implementing benefit reconciliation processes
- Implementing cash settlement processes
- Converting cases
- Implementing county ongoing issuance processes and procedures

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.1.3 Implementation Schedule

In developing a proposed implementation approach and schedule, the State has worked closely with counties in understanding the county constraints that will impact the EBT implementation schedule. The most important constraint to consider is planned SAWS implementation. As described in Section 3.9, ISAWS consortium eligibility system is fully implemented, and LEADER is expected to be fully implemented before EBT arrives. However, the WCDS and C-IV consortia SAWS conversion activities will impact the EBT implementation schedule. There will be periods of time when no EBT implementation activity can occur in these consortia's counties. A full description of these and other constraints is included in Appendix M.

Bidders shall include with their Draft Proposal a response to the State's implementation approach and preliminary proposed implementation schedule, including any proposed modifications to the State's recommendations. The Bidder may propose a different implementation approach or schedule if it comes closer to meeting the Federal deadline while still accommodating the county constraints identified by the State. Any proposed modifications to the State's approach or schedule will be a subject for Confidential Discussions. Final

Proposals must include either: 1) Acceptance of the State's implementation approach and proposed implementation schedule; or 2) An alternative implementation approach and schedule proposed by the Bidder, including supporting rationale and criteria, which is acceptable to the State.

After contract award, the Contractor will work in conjunction with the State and counties to finalize the implementation sequence and schedule.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.2 Implementation Work Plan and Schedule

The Implementation Plan shall include an Implementation Work Plan and Schedule that contains the following:

- All statewide implementation tasks and deliverables with critical tasks and dependencies identified
- All Pilot implementation tasks and deliverables with critical tasks and dependencies identified
- All eligibility system interface testing and implementation tasks and deliverables with critical tasks and dependencies identified
- All county implementation tasks and deliverables with critical tasks and dependencies identified
- Schedule of all implementation tasks and deliverables
- Schedule of all POS terminal deployments and EBT administrative equipment installations
- Schedule of training for State and county personnel
- Staffing throughout Pilot and statewide implementation and resource assignments to tasks and deliverables

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.3 County Implementation Work Plan Template

As part of the Implementation Plan, the Bidder shall include a County Implementation Work Plan Template (County Template). The County Template shall include all Contractor and county tasks and deliverables necessary to implement EBT in a county using the State implementation approach or an alternative implementation approach proposed by the Bidder. The County Template must contain all county implementation tasks to be performed by the Contractor,

including but not limited to:

- 1) Conduct site surveys at each county office and retailer location;
- 2) Ready each site for equipment installation including installation of electrical outlets, data cables and data wall jacks;
- 3) Install telecommunications lines, where appropriate, to county and retailer locations;
- 4) Deploy any equipment required to support and operate EBT including but not limited to card issuance devices, administrative terminals and user training equipment;
- 5) Prepare and install POS devices;
- 6) Provide cardholder card issuance and training;
- 7) Provide operations, help desk and user training to county and retailer staff;
- 8) Perform acceptance testing of all county eligibility system interfaces, county financial system interfaces, communications systems, and county EBT hardware and software; and
- 9) Provide enhanced production and technical support to counties during the first full monthly cycle of EBT production/conversion.

At the beginning of EBT implementation in each county, the Contractor will obtain input from the county and will develop a customized County Implementation Work Plan for the county from the County Template.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.4 Pilot Implementation and Operations

EBT operations shall begin with a Pilot Implementation in one county, selected by the State. The pilot implementation is a live implementation of the system in a localized area, for a specified period of time. The pilot implementation will provide the State an opportunity to monitor system operations and performance in a controlled environment and allow the Contractor to correct any processing or operational problems prior to statewide implementation.

The pilot will be conducted over a period of up to three (3) months, beginning no later than ten (10) months after award of contract. The pilot will be conducted according to the Pilot County Work Plan submitted by the Contractor and approved by the State.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.5 Pilot Evaluation

The Pilot Evaluation will be conducted by the State, in conjunction with the Contractor, EBT Project Independent Verification and Validation (IV&V) contractor and the Pilot County. During the Pilot Evaluation, the State will review and evaluate the results of Pilot Operations and the functioning of all aspects of the system including key areas such as interfaces, training, card issuance and activation, transaction processing, retailer management, settlement, reconciliation, reporting, system security, and participation of all stakeholders.

The State shall conclude the evaluation and complete the Pilot Evaluation Report no later than two (2) months following completion of the pilot operations period. The Pilot Evaluation Report shall include specific actions and/or recommendations for system changes and corrections to be made by the Contractor before statewide implementation. Any necessary system modifications or other changes, including changes to reports, training materials and other system documentation, identified through the Pilot Evaluation shall be completed prior to further implementation of EBT.

Concurrent with Pilot operations and evaluation and according to the various regional implementation schedules County Readiness activities, and County Planning and Installation activities may commence. However, County Implementation activities will not be authorized in any county other than the Pilot County until the Pilot Evaluation is completed, the Contractor has completed all required system modifications, the system modifications have been accepted by the State, and the State has determined that the Contractor and EBT System are ready for statewide implementation.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.6 Eligibility System Interface Acceptance Testing and Pilot

The State requires acceptance testing and a pilot period for each new eligibility system interface as it is added to the EBT system. The System Test Plan shall define the elements of the eligibility system acceptance testing to be used by the Contractor and counties. The Implementation Work Plan and schedule shall accommodate the following requirements when implementing an eligibility system interface in a county:

- 1) Before EBT benefits are issued in each county, assure that the eligibility system interface used by the county is developed, tested, and accepted by the State
- 2) Allow additional time and resources for an acceptance test and pilot operations in the first county that implements an eligibility system interface
- 3) Validate each county's operating procedures and assumptions against the functionality of the eligibility system interface used by the county

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.7 Readiness Determination

After completion of Pilot Evaluation, and prior to: 1) The first county implementation of an eligibility system interface; 2) The first county implementation in a region; 3) The statewide rollout of an eligibility system interface; or 4) Issuance of EBT benefits in a county, the State will make a determination of the readiness of the Contractor to proceed with implementation of the system. The Implementation Plan shall include descriptions of readiness determinations and the Implementation Work Plan shall identify the appropriate timing of readiness determinations prior to and during statewide implementation of EBT. The readiness determinations shall include:

- Checkpoints: The appropriate checkpoints including a go/no go point, which provides the State sufficient time to notify all appropriate parties of a delay in the start date.
- Indicators: The appropriate indicators of progress at each of the checkpoints. The indicators must include but not be limited to successful interface test results for each eligibility system and related financial system interfaces, rate of signed retailer agreements and POS installation, county readiness, and State approval of eligibility system acceptance test results.
- Acceptance Process: The Contractor shall report on its readiness determination at each checkpoint and shall wait for State approval before continuing the implementation activity. The State shall provide written approval or disapproval of readiness within five (5) business days of receiving the Contractor's report.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.8 Implementation Status Reports

At the beginning of Pilot Implementation and continuing through complete statewide implementation, the Contractor shall submit a weekly Implementation Status Report containing information about the implementation progress in each county that is preparing for or undertaking implementation activities. This status report shall be in addition to the regular weekly Project Management status reports. Implementation Status Reports shall be organized by district office and county, and shall contain information about all implementation activities, including but not limited to:

- Retailers and other acquirers that have signed agreements
- Retailers and other acquirers using EBT-only equipment
- Inventory lists of EBT equipment installed at retailer locations
- Lists of retailers and acquirers that have been trained.
- Inventory lists of EBT equipment installed at county sites
- Lists of county staff that have been trained
- Lists of cards not issued (appointments missed)
- Statistics and analysis of system performance and customer service

Bidders shall describe in the Implementation Plan, the processes to be used in collecting, compiling, formatting and submitting the weekly Implementation Status Reports. The Implementation Plan shall also contain sample report formats and descriptions.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.7.9 Cash EBT Implementation

Subsequent to determination of Apparent Best Value Bidder and Notification of Intent to Award, the State will provide cash pricing information to each CWD. Counties will consider the pricing information as the final element in their analysis and decision-making process for cash EBT. Counties that wish to ensure implementation of cash EBT concurrently with the implementation of Food Stamps will be required to notify the State of their intent to implement cash before the contract is executed. All counties that declare their intention in this time period will be included in the initial Project Management Plan and Statewide Implementation Plan as cash-EBT counties.

A county may elect to add cash to the EBT program at any time during the life of the contract. However, any county that decides it wants to use the EBT system for cash benefit issuance at any time after contract execution, will only be accommodated in the initial statewide EBT rollout if the established implementation schedule for Food Stamps is not adversely impacted. The State reserves the right to make the final decision whether the established implementation schedule for Food Stamps is adversely impacted. If the county request to add cash to the EBT program cannot be accommodated within the original Implementation Schedule, the county may be required to delay implementation of cash programs until statewide implementation of Food Stamps is complete.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.8 Capacity Plan (Mandatory Scorable)**The Capacity Plan is a Mandatory Scorable Requirement.****Maximum possible points for Capacity Plan: 80 points****Refer to Section 9.3.4.2.5 for detailed scoring methodology.**

The Contractor shall insure that the proposed EBT system is appropriately sized to support actual transaction volume throughout the life of the contract. The Bidder shall fully describe the process to be utilized to insure appropriate capacity of all components of the system, including hardware, software, and network components that constitute the Bidder's proposed transaction processing platform. The Bidder shall fully describe the methodology, tools and data used to conduct periodic and ongoing capacity planning. The Bidder shall describe how capacity assumptions were derived for the EBT system being proposed for California. The Bidder shall indicate if the proposed CPU is expandable, availability of hardware from the manufacturer, the timeframe required to expand the CPU, and what future system architecture the Bidder proposes in the event the CPU cannot be further expanded. The Bidder shall specify what threshold (percentage) of the maximum theoretical capacity of the EBT system is used to establish when an upgrade is required. The Bidder shall indicate whether the EBT system will operate on a platform dedicated to California EBT and whether the Bidder serves other EBT or commercial processing from the Bidder's facility. In the event the Bidder proposes a shared transaction processing platform or facility, the Bidder shall fully describe how capacity planning incorporates all contractual obligations and what level of priority is placed on California EBT. The Bidder shall provide this information for the entire EBT system, including hardware, software, network components and the Automated Response Unit (ARU). The Bidder shall include discussion on CPU utilization, memory utilization, and direct access storage device (DASD) tuning and data set placement. The Bidder shall also describe how the requirement to meet transaction processing performance standards is considered relative to capacity planning.

The Bidder shall define the content and source(s) of data to be utilized for capacity planning. The Bidder is apprised that while the State projects caseloads for the various programs which may be included in the proposed EBT system, these projections are developed for the purpose of budgeting and federal funding requests. The Contractor shall insure adequate capacity of the EBT network across the life of the contract without regard to the ultimate accuracy of any caseload projections provided by the State or counties. The State requires capacity planning which provides a framework for preventative maintenance as opposed to crisis management.

The Bidder shall describe past and ongoing experience with capacity planning. In the event the Bidder has experienced problems with capacity planning in the past, the Bidder shall describe what lessons have been learned and how such lessons have been applied to the current methodology.

The Bidder shall describe how capacity testing is accomplished, the frequency of testing, what reports will be produced, what data and tools will be utilized and how this testing will be demonstrated to the State. In the event the Bidder proposes a testing alternative, such as capacity modeling, the Bidder shall describe the methodology for the alternative process. The

Bidder shall describe how the alternative process is to be demonstrated to the State and the level of confidence the State should anticipate.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.9 Settlement and Reconciliation Plan (*Mandatory Scorable*)

The Settlement and Reconciliation Plan is a Mandatory Scorable Requirement.

Maximum possible points for Settlement and Reconciliation Plan: 80 points

Refer to Section 9.3.4.2.7 for detailed scoring methodology.

Settlement and reconciliation is an area of concern for the State. The FSP and cash programs are managed and administered by the 58 CWDs pursuant to guidelines and regulatory mandates. For those counties choosing to implement cash on EBT, the settlement and reconciliation of the cash programs will occur within the county. But the settlement and reconciliation of the FSP will occur at the state level. For both cash and food stamp programs, the Contractor shall provide settlement and reconciliation reporting at the state level.

For definition purposes, settlement is the process by which the Contractor provides reimbursement for client originated transactions that occurred at retailers and/or ATM networks. Funds are moved from the funding entity (the respective counties for cash benefits, United States Department of Agriculture (USDA) through Automated Standard Application for Payments (ASAP) for food stamp benefits) to the retailer and/or ATM networks that acquired the transaction.

Reconciliation is the means by which the Contractor provides the counties and the State with the daily financial position, both in terms of the client initiated transactions from the previous accounting cycle that are being settled, and the outstanding value of the client benefits remaining on the EBT vendor's database. The reconciliation process is intended to validate the daily settlement amount and the ending database value. Daily settlement and reconciliation activities shall be performed with one hundred percent (100%) accuracy on a daily basis.

The Contractor shall describe the process that they are proposing for performing daily settlement and reconciliation of the EBT system, specifically addressing the differences between the cash and food stamp programs. The plan shall address how the Contractor intends to provide settlement and reconciliation of the food stamp benefits at a state level, although the cash program will be settled and reconciled at a county level. Specifically the plan should address the following:

- The process for reconciling the settlement totals reported at a state level with the settlement totals reported at the individual county level.

- The process for reconciling the outstanding database liability reported at the state level with the outstanding database liability totals reported for each individual county.
- The process by which settlement totals to retailers, third party processors, and ATM networks, are reconciled to transaction postings to the clients' EBT accounts.
- The method of accounting for transactions performed by a client within the business day that will not be settled until the following day because of the difference between the EBT system business day cutoff time and the retailer's business day cutoff time.
- The accounting of individual client benefits held on the EBT System's database that make up the client's respective cash and food stamp balance prior to the utilization of the benefits by the client.
- A description of the process for calculating and reporting the new database value for the respective programs (cash and food stamps), specifically addressing the identification and tracking between settled and non-settled (e.g., new benefits, expungements, certain county entered adjustments, food stamp conversions to coupons) transactions.
- The accounting and maintenance of client benefits held on the EBT System's database prior to the availability date of the benefit.
- The accounting of client benefits that are cancelled by the county prior to the availability date of the benefit.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10 Cash Access Plan (Mandatory Optional - Scorable)

The Cash Access Plan is a mandatory scorable requirement.

Maximum possible points for Cash Access Plan:

80 points

Refer to Section 9.3.4.2.6 for detailed scoring methodology.

5.10.1 Cash Access Objectives and Constraints

A primary goal of cash EBT is to ensure that recipients have reasonable access to their cash benefit amount, sufficient to meet their major monthly financial obligations, such as rent and utilities, within the first four (4) cash withdrawal transactions. An additional goal is to ensure that recipients have access to any benefits remaining after the first four (4) cash withdrawal transactions at a reasonable cost to the recipient, and not significantly higher than the Contractor's actual cost of providing the service. The Contractor shall enlist the participation of acquirers in the commercial infrastructure to provide a wide range of access options for recipients. In developing a Cash Access Plan, the Bidder should keep the following objectives and constraints in mind.

- First, cash EBT is an optional program. Each county will make its decision on whether or not to use EBT for cash benefit issuance based, in part, upon the Contractor's ability to

implement a cash solution that provides reasonable access at a feasible cost to the county and the recipients.

- Second, Welfare and Institutions Code, Section 10072(k) requires that recipients may not be charged a fee by the processor for their first four (4) cash withdrawal transactions per case per month.
- Third, the EBT system must provide a reasonable distribution of cash access locations that are free of any fee to recipients, whether that fee is charged by the contractor or the acquirer. In addition, the State requires that recipients have access to their benefits for purchases and cash withdrawals at a wide variety of POS and ATM locations, above and beyond the free access locations. Fees imposed for these transactions, if any, must not exceed fees customarily charged to commercial debit card users.
- Fourth, California benefit amounts are higher than the national average. The average CalWORKs grant is \$484, but for very large families monthly cash benefits may exceed \$1,300 per month.
- Finally, California is large and geographically diverse. An access plan will have to take into consideration this diversity and provide reasonable access in locations where recipients reside. There are inner cities, rural areas and other locations in which cash benefits may not be readily available through existing ATM or POS locations. To provide adequate access in such areas, the Contractor will need to aggressively recruit commercial EFT partners, and may also have to deploy POS devices to provide adequate cash access. The State encourages Bidders to develop creative solutions.

The Cash Access Plan must build upon the existing commercial EFT infrastructure and may include a combination of POS and ATM access options to meet the objectives of cash access.

The Contractor shall provide the first four (4) cash withdrawals per case per month without the imposition of a fee by the Contractor. A recipient shall be able to conduct these first four cash withdrawal transactions at locations that impose surcharges if the recipient chooses to do so. Any surcharges incurred by the recipient on the first four cash withdrawal transactions, or any other cash EBT transactions, shall be deducted from the recipient's cash benefit account.

The Contractor should develop partnerships with networks, third party processors and retailers that would provide widespread acceptance of the EBT card anywhere that POS devices exist. Beyond grocery stores and retail stores, the Contractor should include a broad range of locations that already use, or could use, POS technology. The Contractor may consider innovative or non-traditional locations for cash-access, such as community based or charitable organizations and businesses offering financial services.

The Cash Access Plan may include access through ATM devices.. The Bidder's Cash Access Plan shall specify that zero, one, two, three, or four ATM transactions will be provided as part of the first four cash withdrawal transactions. For additional ATM transactions, beyond those included in the Cash Access Plan, the Contractor may deduct a transaction fee from the recipient's cash benefit account, not to exceed \$1.00 per transaction.

The State encourages Bidders to include in the Cash Access Plan cost-effective means for recipients to avoid or minimize the need to use cash. Locations that sell money orders or provide bill payment services are desirable. Attention should be paid to the emerging ATM technology that allows users to purchase money orders and pay bills directly through "Super ATMs" and "automated financial service centers." Other strategies that may reduce the amount of cash that a recipient needs to withdraw from his or her account may also be included.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.2 Cash Access Plan

Given these considerations, the Bidder shall submit a Cash Access Plan to provide reasonable access to cash benefits for recipients in the State. In developing its Cash Access Plan, the Bidder shall assume statewide operation of a cash EBT system according to the same implementation schedule as EBT for the FSP, with the understanding that actual implementation of cash EBT is a county-by-county option.

The Cash Access Plan shall represent the Bidder's best cash access solution available at the time of Proposal submission. The Bidder shall describe its proposed cash solution and any partners that the Bidder intends to include (such as networks, banks, third party processors, or retailers). To the extent that it is available, the Bidder shall provide documentation of agreements with its partners, describing the type of cash access that will be provided and the terms of participation. The description shall include any reasonably available information about any fees to be imposed on recipients by any partners. During Confidential Discussions, Bidders will be encouraged to discuss their cash access strategies. Following Confidential Discussions, the State may release an addendum providing more specificity about a measure of minimum access standards for cash EBT.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.2.1 Overall Cash Access Strategy

As part of the Cash Access Plan, the Bidders shall demonstrate their understanding of the problems associated with cash access by providing a detailed description of the strategy for providing adequate access. The Cash Access Plan shall describe

- The Bidder's understanding of the California requirements for reasonable access, and what that means in terms of the effort required by the Bidder to develop an EBT infrastructure for Cash Access.

- How the Bidder's previous EBT/EFT experience can be applied to ensure that cash EBT will be implemented successfully in California.
- The likely inadequacies that will be encountered in commercial EFT availability in various areas of California. The Bidder shall describe in-detail its approach to meeting the unique needs of an inner-city area that may have an underdeveloped EFT infrastructure (ATM and/or POS) and a concentration of EBT users. The Bidder should also discuss other problem areas it may have identified.
- How the Bidder would recruit additional EFT partners, describing both outreach efforts and the business case that the Bidder would propose to potential partners for POS/ATM deployment
- What types of businesses would be likely partners
- What types of locations would the Bidder propose to deploy EBT-only POS devices to supplement access, in the event that the commercial infrastructure remains inadequate after recruitment efforts
- How the Bidder would determine that adequate access had been achieved.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.2.2 Minimum Access Standard

The Bidder shall propose a measure that satisfies the State's minimum access standard for cash access locations, quantify how that measure provides reasonable access and satisfies the State's minimum standard, and shall describe the rationale for arriving at the proposed measure. For purposes of determining a minimum access standard, a "cash access location" shall be any location where a cardholder can withdraw \$200 or more in one transaction without a fee imposed by the Contractor (for the first four transactions), or a surcharge, fee, or purchase requirement imposed by the acquirer.

In developing a minimum access standard, the Bidder may consider the following:

- ratio of cases to cash access locations within a zip code or other geographic region
- proximity of access locations to areas where recipients live, work or shop
- capacity of the cash access locations to meet the expected demand for cash on benefit issuance days
- capacity of the cash access locations to meet the overall demand for cash in a month
- comparison of EBT access to current check cashing options for clients (which may include banks, retailers, check cashing businesses, etc.)

- comparison of EBT access to access available to account holders in the commercial banking infrastructure
- other factors that the Bidder identifies based upon industry experience

The Cash Access Plan shall describe the Bidder's strategy to provide cash access locations to meet the minimum access standard. The Contractor shall be required to provide cash access to meet the minimum access standard in any county that chooses to use EBT for cash benefit issuance, and shall demonstrate that it has met this standard through the county specific Cash Access Plan (Section 5.10.3). The Contractor shall ensure that the minimum level of cash access is available throughout the life of the contract. In the event that the Contractor is unable to provide the minimum access via the commercial EFT infrastructure, the Contractor shall deploy cash-only EBT POS devices to locations accessible to recipients. These locations must be pre-approved by the State and CWD. Deployment of such devices to achieve the minimum access standard requirement shall be included in the cost per case per month (CPCM).

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.2.3 Additional POS/ATM Locations

Beyond the minimum access standard requirement, the Contractor shall enlist a variety of acquirers that will provide a range of services to cash-EBT recipients. Acquirers that will accept the EBT card for purchase, purchase with cash back, or cash only, with or without surcharges, shall be included. The Cash Access Plan shall estimate the total number of POS and the total number of ATM acquirer locations statewide that may accept the EBT card for access to cash benefits. The Cash Access Plan shall describe how the Bidder has developed its assumptions for acquirer participation. For example, if the Bidder already has agreements with acquirers, it should specify which acquirers and the number of locations, and fees if known. If the Bidder is basing its assumptions on its experience in implementing cash EBT in other States, the Bidder should describe such experience.

The Cash Access Plan also will be scored based on its ability to provide enhanced service or features to recipients. The Cash Access Plan will be awarded points if it includes the types of services described below. Refer to Section 9.3.4.2.6 for detailed scoring methodology.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.2.3.1 Full Cash Withdrawal

The Cash Access Plan will be awarded points if it includes acquirers willing to provide full cash withdrawal services. Full cash withdrawal is defined as the ability to withdraw funds from the cash benefit account up to the available benefit amount in one transaction. Full cash withdrawal service can be with or without a surcharge imposed by the acquirer. The Bidder shall describe its partner(s), the types of services provided, and the quantity and distribution of access locations throughout the state by county and/or zip code.

Any surcharges to be paid by the recipients for full cash withdrawal services shall be clearly specified, to the extent that the Bidder knows them. If the Bidder proposes to pay any nominal transaction fee to acquirers to encourage full cash withdrawal services, such fee shall be specified in the Cash Access Plan. If such an arrangement is proposed, then acquirers entering such agreements shall not be allowed to impose any surcharge or purchase requirements on recipients. Any such fee proposed by the Bidder shall be included in the CPCM. The State will not pay any additional fees directly to retailers or other acquirers.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.2.3.2 Cash Withdrawal of \$200 or more with a Surcharge

The Cash Access Plan will be awarded points if the Bidder includes participation of acquirers able to provide \$200 or more per transaction that may impose a surcharge. The Bidder shall describe its partner(s), the types of services provided, and the quantity and distribution of access locations throughout the state by county and/or zip code. Partners providing full cash withdrawal services (as described in Section 5.10.2.3.1) shall not also be described in this section.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.2.3.3 Financial Services

The Cash Access Plan will be awarded points if the Bidder includes participation of acquirers that allow recipients to avoid or minimize the use of cash (i.e., provide money orders or bill payment services), with or without a surcharge. The Bidder shall describe its partner(s), the types of services provided, and the quantity and distribution of access locations throughout the state by county and/or zip code.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.2.4 Contractor's Fees for Cash Access

The Cash Access Plan shall identify any transactions that will result in fees charged by the Contractor to the account after the first four (4) cash withdrawal transactions per month. See Section 6.6, Transaction Processing, regarding what types of transactions may result in a fee imposed by the Contractor on the recipient. The Contractor shall not be allowed to change the proposed fee structure during the term of the contract without prior approval of the State. The Cash Access Plan shall specify any fee to be charged for the following:

- Cash withdrawals at POS devices that exceed four (4) per case per month (May not exceed \$1.00 per transaction)
- Cash withdrawals at ATMs that exceed the free transactions provided in the Cash Access Plan (May not exceed \$1.00 per transaction)
- Balance inquiries at ATMs. (May not exceed \$0.25 per transaction)

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.10.2.5 Documentation of Cash Access

The Cash Access Plan shall describe how the Bidder will document that recipients are afforded reasonable access to their cash benefits. The Cash Access Plan shall also describe how the Bidder proposes to make up-to-date information available to recipients about where they can access benefits. At a minimum, the Contractor shall provide a monthly report to each county that chooses EBT for cash benefit issuance. The report shall describe, by street address, cash access locations available to recipients and any restrictions to access, including purchase requirements or surcharges, at those locations.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.10.3 County Cash Access Plan (post contract award)

After contract award, the Contractor shall work closely with the State and CWDs to develop a County Cash Access Plan specific to each county that chooses to use EBT for cash benefit issuance. The State expects the Contractor and CWDs to consult with organizations representing and serving recipients. Each County Cash Access Plan shall be developed based on the geography and demographic profile of the recipients in that county. Where the commercial EFT infrastructure fails to meet the minimum access standard, the Contractor shall deploy POS devices as needed to meet the minimum access requirement. The State and CWD must pre-

approve any proposed locations for such EBT-only POS device deployment. The State would consider non-traditional locations such as utility companies, banks, housing authority offices, and other community locations.

The County Cash Access Plan will be a deliverable that the Contractor will submit to the State at the beginning of the planning and installation phase for each county five (5) months before conversion is scheduled to begin in that county. The State must approve each County Cash Access Plan before implementation begins in that county. The County Cash Access Plan shall describe, in detail:

- The commercial ATM/POS locations in the county that will be included to assure reasonable free cash access
- Locations where the Contractor will deploy EBT-only POS devices to assure reasonable free cash access
- All additional commercial POS/ATM locations in the county that will be included
- Types of cash access services that will be provided by acquirers: e.g., purchase; cash back with purchase; cash only (amounts and any surcharges); financial services (e.g., money order, bill payment)
- Analysis of the distribution of recipients in the county compared to available cash access locations
- Capacity of the cash access locations to meet peak cash demands
- Capacity of the cash access locations to meet overall cash demands
- Analysis of any deficiencies in cash access and a description of the measures the Contractor will take to supplement access.

The Contractor shall be required to implement cash access in each county according to the County Cash Access Plan that has been submitted by the Contractor and approved by the State.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.11 EBT System Innovation

5.11.1 Introduction

The State has adopted an approach for EBT System Innovation that is above and beyond the EBT system development and operations activities specified in Section 6, System and Operations Requirements. The Contractor will play a central role in EBT System Innovation during the life of this contract. Specifically, the Contractor will be expected to identify system improvement opportunities and evolve them into EBT System Innovation Recommendations. At State option, recommendations may be selected for actual implementation as described in this section of the ITP.

At a minimum, the Contractor shall work with the State to pursue continuous system improvement of the EBT system through innovation. Efforts may involve improvement of system operations, addition of new benefit programs to the EBT system, and/or applications of innovative technology to solve specific EBT business problems.

Furthermore, the State expects changes in the commercial infrastructure and innovative technologies will emerge during the life of the contract. The State reserves the right to require the Contractor to implement a new technology, if the technology has been proven in the marketplace and if, in the opinion of the State, an added value will be realized. Innovations may be implemented on a pilot basis.

EBT System Innovation Recommendations must not have a negative impact on EBT system functionality or performance.

Examples of innovations may include, but are not limited to

- Future program additions (Including, but not limited to, foster care payments, child care payments, child support payments, Welfare-to-Work, In-Home Supportive Services (IHSS), special circumstances, vendor payments, Women, Infants and Children (WIC), Workers' Compensation, Low Income Home Energy Assistance Program (LIHEAP), and Direct Federal benefits.)
- Wireless POS technology
- New card technologies, such as hybrid or chip technology
- Fraud prevention and detection
- Identity verification/biometrics
- Stored value cards

At this time, the State recognizes an immediate need to implement an innovative solution for the operational problems of EBT at farmers' markets. The State requires a farmers' market System Innovation Recommendation to be submitted ninety (90) days after contract award.

The State does not anticipate the addition of any new programs or significant system-wide technology innovations until the State implements the current EBT requirements.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.11.2 Development of EBT System Innovation Recommendations

Subsequent to contract award, the Contractor shall prepare EBT System Innovation Recommendations that are related to a variety of business, technical, operational, and application areas of the EBT environment. The Contractor shall independently identify system improvement and innovation opportunities, and shall also respond to requests for recommendations made by the State. If the State requests a concept paper for a System Innovation Recommendation, the

scope and timeframe for the deliverable shall be negotiated between the Project Director and the Project Manager.

Contractor time associated with initially preparing a concept paper with respect to an EBT System Innovation Recommendation will not be compensated. The Contractor will only be compensated for actual development and implementation services associated with implementation of each respective recommendation that is subject to the approval and control of the State. At a minimum, a concept paper shall include a problem statement, a discussion of key issues; alternatives with pros and cons; risks; scope; impact; approach; high level discussion of potential costs and benefits; and a recommendation.

All EBT System Innovation Recommendations will be subject to assessment and verification by the State or its designee. Designee(s) may include, but not be limited to, an independent Quality Assurance Vendor and/or an Independent Verification and Validation Vendor. These assessments will consider, but not be limited to, technical feasibility, cost validation, savings validation (if appropriate) and system impact. As required, system benchmarks will be performed to validate benefits.

Once submitted, recommendations can be accepted or rejected in part or whole, at the sole discretion of the State. If accepted, terms, conditions, vendor risk sharing features, as appropriate, and financial arrangements related to the implementation of these recommendations, including hardware, software and services, will be negotiated on a case-by-case basis. Staff hourly rates will be based on the hourly rates the Bidder has bid in response to this ITP for the System Innovation staff that will be assigned to implement recommendations.

It is the State's intent to employ a variety of risk sharing provisions as a part of the terms and conditions that emerge from the negotiations related to EBT System Innovation Recommendations. Examples of contractor risk sharing provisions may include but not be limited to: additional bonding, compensation arrangements that result in the Contractor being paid out of accrued and verified savings that result from the implementation of a respective Innovation Recommendation, pilot implementations to confirm proof of concept, and the imposition of specific damages if projected savings do not materialize or the Innovation Recommendation is not successfully implemented. Specific risk sharing provisions will be negotiated on a case-by-case basis as a component of terms and conditions associated with State accepted EBT System Innovation Recommendations.

The Bidder should be aware that the provisions of Section 2.2.14, Exclusion for Conflict of Interest, and Section 2.2.15, Follow-on Contracts, do not apply to Section 5.11.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.11.3 Methodology

The Bidder shall identify and describe an established methodology that can be employed to identify and implement innovations that will result in improvement of the EBT System. The

proposed methodology must be appropriate for a large EFT processing system, similar in size and scope to California's proposed EBT system. This methodology must present a proven approach to evaluating the current system, determining user needs, isolating cause and effect, measuring costs, predicting benefits, and developing and implementing plans. The Bidder's methodology must fully describe the analytical tools and techniques to be used.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.11.4 EBT System Innovation Mandatory Staffing Requirement

The five (5) core personnel that follow represent the minimum staffing that the Contractor must provide, at the discretion of the State, to support implementation of recommendations that emerge from EBT System Innovation activities. Staff augmentations or reductions that may be required to implement respective innovation recommendations will be negotiated on a case-by-case basis for each respective recommendation. At the time the State elects to implement a System Innovation recommendation, the Contractor shall provide resumes for the proposed staff for the State's approval. The proposed staff shall be available within thirty (30) days of an agreement between the State and Contractor to implement an EBT System Innovation Recommendation.

In Section 7, Pricing Proposal, the Bidder shall identify the respective fixed hourly rates for the categories of staff described in Section 5.11.4. These fixed hourly rates will be evaluated and scored. No cost information is to be provided in Section 5, Administrative Requirements.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.11.4.1 Project Manager for System Innovation

A Project Manager for System Innovation must have a minimum of two (2) years of experience as a Project Manager of projects of similar size and complexity to the State's proposed EBT System.

5.11.4.2 Business Process Specialist

A Business Process Specialist proposed by the Bidder must have a minimum of two (2) years of demonstrated experience in business process analysis as it relates to the management and operation of an EFT/EBT system with similar size and complexity to the State's EBT System. The Business Process Specialist must have skills in the area of general business analysis, including, but not limited to:

- Ability to assess business strategy

- Ability to analyze business processes and procedures
- Ability to identify, document and decompose processes
- Ability to measure workflow, cost, and quality
- Ability to determine and assess business process risks
- Ability to identify opportunities for improvements in functions, service levels and efficiency

5.11.4.3 Systems Analyst

A Systems Analyst proposed by the Bidder must have a minimum of two (2) years' experience in the analysis of operations of a large EFT/EBT system similar in size and scope to the State's proposed EBT system. The Systems Analyst(s) must have skills in the area of large transaction based systems analysis, including, but not limited to:

- Knowledge of state-of-the-art information technology concepts and trends
- Ability to use Contractor's analysis tools
- Ability to map information technology and information systems to business process requirements.

5.11.4.4 Applications Analyst

An Applications Analyst proposed by the Bidder must have a minimum of two (2) years experience in the analysis and reengineering of information technology and information systems with similar size and complexity of the State's EBT system. The Applications Analyst(s) must have skills including, but not limited to, the following:

- Ability to decompose functions and processes
- Ability to determine value added steps of each process
- Ability to analyze the flow of information and how information impacts the system
- Ability to identify opportunities for improvements in functions, service levels and efficiency
- Ability to quantify the impact of business risks or other external factors.
- Ability to use Contractor's development methodology and tools.

5.11.4.5 Programmer

The Programmer proposed by the Bidder must have a minimum of two (2) years experience in the programming of information technology and information systems with similar size and complexity of the State's EBT system. The Programmer(s) must have skills including, but not limited to, the following:

- Knowledge of state-of-the-art information technology concepts and programming trends.
- Ability to use Contractor's development methodology and tools.

5.11.5 Prior Federal Agency Approval Requirements Related to Business Process Recommendations

Contractors should be aware that Federal Agency prior approval would be required for the implementation of any EBT System Innovation Recommendation that exceeds the Federal approval threshold of \$500,000.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12 Project Management Standards and Practices

The following are project management standards and practices to be employed during this project:

5.12.1 Status Meetings

The Project Manager, and other Contractor staff as required, shall attend weekly and monthly status meetings at the State's Sacramento project site. At these meetings, the Project Manager shall present the Weekly and Monthly Status Reports, which shall include project plans and status, deviations from schedule and budget, issues, recommendations, and proposed changes of planned activities, schedules, or staffing, in order to facilitate a timely project completion.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.2 Status Reports

The Project Manager shall prepare and submit Weekly Status Reports. Status reports shall address the overall project status with respect to the Project Work Plan and shall provide progress information on all completed, ongoing and planned project activities. These reports shall summarize any outstanding project issues or obstacles and detail any proposed deviations from planned activities, schedules, budgets, or staffing. Every report should have a current work plan attached that incorporates planned and actual start and end dates, percentage complete, dependencies and critical items.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.3 Monthly Written Progress Report

The Project Manager shall prepare and submit Monthly Written Progress Reports. The Monthly Written Progress Report shall provide a formal written Project status including the work breakdown of tasks, and shall describe overall project progress against approved milestones in the Project Work Plan; deliverable status and next month schedule for review; problems, risks and issues requiring attention, with proposed remedies; and proposed changes to the Project

Work Plan. The Monthly Written Progress Report must be certified to be accurate by the Contractor, and must be approved by the Project Director.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.4 Issue Management

The Contractor shall track all Project issues using an automated issue tracking database. The issue tracking system shall facilitate documentation of

- issue description
- issue priority
- issue status (e.g., open, pending, under investigation, resolved)
- plan for resolution
- individual responsible for resolution
- targeted and actual resolution dates
- resolution action

Issue tracking shall also include escalation procedures and a mechanism for reporting high priority problems immediately to the Project Director. The Contractor should specifically identify procedures for problem resolution and closure.

Issues can be identified and presented by any member of the Project Team or by individuals at several levels of the organization during the Weekly Status Meetings. The Contractor is responsible for tracking issue status and reporting to the Project Director. Issue reports generated by the issue tracking system shall become part of the Contractor's Weekly and Monthly Status Reports on a consistent basis.

The Contractor shall provide, at a minimum, read-only access to the issue tracking system to key State and county staff as designated by the Project Director.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.5 Stakeholder Communication

The Contractor shall provide reasonable assistance at the request of the State in establishing and maintaining communication liaisons and coordination with internal and external stakeholder groups, government and community organizations and committees, or similar entities that demonstrate an interest in the performance or objectives of the contract.

The Contractor shall establish and maintain direct communications with FNS-authorized retailers as part of its successful performance of required retailer (stakeholder) management responsibilities. The Contractor is solely responsible for the management of food stamp retailer recruitment, involvement, participation and performance. The Contractor shall consult with and be responsive to requests from representatives from retailer organizations during all phases of the project. The State will also participate in these consultations as needed.

At the request of the State, the Contractor shall also participate in consultations with other California stakeholder groups at locations throughout the State. These include, but are not limited to, benefit recipients, client advocates, county and state government employees, and informational and focus group meetings.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.6 Independent Verification and Validation

The EBT Project will utilize an Independent Verification and Validation (IV&V) vendor. The Contractor must work cooperatively with the State's IV&V vendor. The IV&V vendor responsibilities will include tasks such as review and evaluation of all deliverables, including major project milestones such as preliminary and final designs; establishing project related-standards (e.g., design, programming, testing and training); and preparing all pertinent internal documentation (e.g., project organization, quality assurance plan), design/walkthrough sessions, training, testing, task and schedule validity.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.7 Standards for Acceptance of Deliverables

5.12.7.1 Work Standards for the California EBT Project

- The Contractor shall use the standard project management, word processing, relational database management, presentation and spreadsheets products used by the State (Microsoft Office), at the version levels specified by the State, in the preparation of all Project correspondence and deliverables. The Contractor is required to upgrade software versions at no cost to remain compatible with the State.
- The Contractor shall propose a format for each deliverable and gain State approval prior to deliverable preparation. This approval process shall include submission of a Deliverable Expectation Document (DED) as specified in Section 7 of the Model Contract, Deliverables. The Contractor shall also meet with the Project Director to review an outline of each Project deliverable in advance of its preparation. The Contractor shall provide a draft Table of Contents as part of the outline. Once the Contractor has begun to develop the deliverable, the Contractor shall submit sample

pages of the document as an example of the level of detail and quality.

- Each deliverable shall include an Executive Summary.
- Deliverables shall be provided by the scheduled dates for their completion. Deliverables must be presented to the State in a binder, single sided, double spaced and in 12 point Arial font. The Contractor must make available all deliverables on the project LAN and supply at least one (1) electronic copy on CD-ROM, and ten (10) hard copies of each deliverable.
- Deliverables shall contain the following certification: "I certify that this deliverable has been prepared in accordance with the relevant terms and conditions of the contract." Deliverables shall be signed as complete by the Project Manager and by a Contractor representative who is authorized to sign legal documents for the company.
- The Contractor shall store the project work papers by task numbers that have been assigned to the Project tasks corresponding to the Project Work Plan. In addition, Project Workbooks will store work papers not related to specific task numbers. Storage will be located in the Contractor's workspace at the project office in Sacramento. A copy of all project work papers and Project Workbooks shall be provided to the State. Project work papers and Project Workbooks developed in connection with the California EBT Project are the property of the State.

5.12.7.2 Standards for State Acceptance of Deliverables

State personnel will be responsible for reviewing and approving each deliverable. Each deliverables will require a negotiated State turn-around time to be included in the Project Work Plan. Unless agreed upon otherwise, the State's review time shall not be less than fifteen (15) business days. Should revisions to the document be required by the State, the Contractor will receive written notification of said changes and reflect them in the document within forty-eight (48) hours of receiving the changes. The State may, at its discretion, allow a period longer than forty-eight (48) hours in consideration of the scope of the change. The Contractor may not change a deliverable that has been accepted by the State without the approval of the State.

State acceptance shall be based upon the following:

- The document must address all components required by the ITP, the Contractor's response thereto, and any areas identified subsequently through meetings and planning sessions
- The document must address and be consistent with all components included in the Table of Contents and the draft outline as presented to the Project Director in preparation for development of the document.
- The document must be comprehensive in level of detail and quality consistent with the sample pages presented to the Project Director.
- The document must be organized and professional.
- The document must be consistent in style and quality. This means that if the document is the composite work of many people within the Contractor's organization, the document

must be edited for style and consistency. The Contractor shall certify in the cover letter that the Contractor utilized the internal deliverable review process as prescribed in the Quality Assurance Plan and required by Section 5.6.3, Deliverable Development and Review.

- The document shall be in accordance with the standards of Section 5.12.7.1, including format, font etc. The document shall have no more than one typographical error page and no format errors.
- In the event the State agrees to accept, on an interim basis, a document with one or more sections left incomplete, the document shall provide the date for completion, note the basis for the incomplete portions and the impact of any incomplete sections on project milestones.
- The overall utility of the deliverable in terms of meeting the expectations of the State and supporting the purpose for which it was developed.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.13 System Development Requirements

System development requirements provide a structured and documented methodology that can be evaluated and approved by the State. The Contractor shall develop the system and processes in close cooperation with and under the supervision of the State. Bidders shall describe in their Proposals their development methodology and tools, and approach to developing and maintaining system documentation.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.13.1 General and Detailed System Design

5.13.2 Configuration Management

The Bidder shall fully describe the methods, procedures, and automated software and system tools it will use to track installed hardware (e.g., POS and retail store LAN and controller equipment, PIN encryption devices, administrative terminals, etc.) and software inventories and site-based hardware and software configurations. Additionally, the Bidder shall describe in detail the methods, procedures and automated tools (if applicable) it proposes to use to record and track documentation and software versions installed and operational at each site and to maintain consistent document versions in use at all sites, as necessary (e.g., training materials). Finally, the Bidder shall describe any troubleshooting tools to be used in the diagnosis of incompatibility problems among EBT hardware, software, and data communications network components.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.3 Documentation

The EBT system shall be thoroughly documented. Design documents, file descriptions, database descriptions, the flow of data, all processes and logic shall be provided for approval by the State prior to programming for the system. All maintenance to the system shall be thoroughly documented. The Contractor shall provide the State with up-to-date reference manuals.

The Contractor shall supply updates (the latest available to their other commercial customers) to the hardware, firmware, software and training documentation for the duration of the contract at no additional cost. The State must approve all updates supplied.

The description, capability, operation, administration and maintenance of all proposed software and hardware must be fully documented in the form of professional quality, printed user manuals. Appropriate documentation updates shall be provided at no cost to the State as changes occur. Documentation must at all times reflect the current system functionality and capabilities, operating procedures, and limitations of the EBT system. At a minimum, the Contractor shall provide the following manuals which must be approved by the State.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.13.3.1 System Operations Manual

The Contractor shall prepare a System Operations Manual to support State and county operation of the system. Each administrative terminal workstation shall have a complete set of all books and reference materials which pertain to that workstation and are required for training and operations. Four (4) complete additional sets of all reference materials and books for the EBT system, both for training and operations, shall be provided by the Contractor to the State's EBT Project Team.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.13.3.2 Interface Procedures Manual

The Contractor shall work in conjunction with the State and counties to prepare an Interface Procedure Manual detailing all eligibility and financial system interface processes, file transfers, and problem resolution/escalation plans.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.13.3.3 Reports Catalog and Manual

The Contractor shall provide a Reports Catalog and a Reports Manual describing all standard reports to be generated by the Contractor along with instructions to access reports via on-line terminals. The Reports Manual will also provide a brief description of the daily transaction history files to be provided to the counties for internal report generation.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.13.3.4 Retailer Operations Manual

The Contractor shall provide a Retailer Operations Manual to merchants covering an overview of EBT; merchant options for participation in EBT; POS equipment functionality, installation, and maintenance; on-line transaction processing; off-line transaction processing; management functions; retailer customer service; settlement; and reporting. The State shall review and approve the Retailer Operations Manual before it is released to merchants.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14 System Testing

The Contractor shall provide a comprehensive life cycle System Test Plan. The System Test Plan shall provide a detailed description of each test required to ensure that the EBT system—and all of the associated/interfacing systems and components—complies with both the State and federal EBT requirements and specifications. The System Test Plan shall describe tests conducted both during development and acceptance of the EBT system as well as tests to be conducted on an ongoing, periodic basis to ensure that system modifications and enhancements affecting either the EBT system or a State or county system interfacing with the EBT system are comprehensively tested prior to migration into the live, production environment.

For each test, the System Test Plan shall define the test purpose, methodology, assumptions, environment, techniques and tools, controls, participants, location(s), timeframes, acceptance criteria, documentation, exception reporting, and re-testing procedures. The Contractor shall identify and incorporate into the testing process those automated tools and testing techniques that can provide more thorough testing and more efficient resource utilization. The Contractor should anticipate extensive participation in the testing process by representatives from the State, counties and federal agencies. The State shall participate in conducting the tests and assessing test results.

The System Test Plan shall include a management plan for each test. The management plan will serve as both a planning and management tool. The management plan will describe the test purpose and objectives; describe the system architecture, components and processes to be tested; detail the test location and schedule; define the test approach, processes and flow; define the roles and responsibilities of all test participants; describe procedures to be used to control the test environment; describe procedures for documenting test activities; describe techniques, methods and tools to be used to conduct the test; and give details explaining why the techniques, methods and tools have been selected and are appropriate in addressing the purpose and objectives of the test.

For each test, the System Test Plan shall include a comprehensive listing of test scenarios. Detailed test scripts describing anticipated test results are also required. The test scenarios and test scripts shall be developed with assistance from the State and shall include scenarios and scripts required by the State to ensure that state/county systems interfacing with the EBT system are properly exercised and tested.

In addition, the System Test Plan will provide guidelines for assessing and categorizing/prioritizing test results. These guidelines will also describe the appropriate action to be taken for each category/priority of deficiency. Upon completion of each test, the Contractor shall prepare a Test Report. The Test Report shall describe the results of the test and any additional action and testing necessary to address system issues or deficiencies identified during testing. Test Reports shall be submitted to the State within ten (10) days following the completion of each test or subsequent retest.

System testing shall be completed to the satisfaction of the State and FNS, and FNS must provide Federal System Certification prior to commencement of the Implementation Phase of this project.

At a minimum, the System Test Plan shall describe the following tests:

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.1 Functional Demonstration

The Functional Demonstration will provide State, county, and federal representatives the opportunity to review the EBT system functionality and operations. The Contractor shall prepare a report of the demonstration results including any system modifications that were identified. The Functional Demonstration should occur as early as possible but no later than six (6) weeks prior to the System Acceptance Test to insure the design is proceeding according to the expectations of both the State and the Contractor.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.2 System Interface Tests

System interface tests shall be conducted between the EBT system and the State/county financial accounting and eligibility systems to ensure that all files transferred between the systems are properly received, accepted, and processed, both on-line and batch processing. Interface tests must also be conducted between the Contractor and the Financial Institution, if the Contractor will use a Financial Institution subcontractor for settlement, between the Contractor and other acquirers, and between the Contractor and FNS (e.g., AMA, ASAP, REDE). All of the above mentioned interface tests should include security as one aspect of the interface tests.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.3 System Acceptance Test

The System Acceptance Test provides State and federal representatives the opportunity to test the EBT system functionality and operations and ensure compliance with the system design specifications and requirements. The System Acceptance Test shall be conducted in compliance with federal guidelines and will include testing all components of the EBT system (including, EBT host/processor, administrative terminal, ATM and POS terminal, ARU/CSC, telecommunications network, and so on). The System Acceptance test shall consist of two primary phases: structured testing based on pre-defined test scripts and ad hoc or "what if" testing. FNS Guidelines for EBT System Acceptance Test Plans is available in the Bidders' Library.

During the test script portion of the System Acceptance Test, representatives (State, county and federal) will follow detailed test scripts developed by the Contractor. The test scripts shall cover all facets of the EBT system's functionality and operations and test all of the system processing options and environmental conditions (e.g., hardware and communications failure, security violations, and erroneous data entry). Tests shall consist minimally of batch/on-line interface processing (including, account setup, change and delete; and benefit authorization, modification and cancel); card issuance and management; transaction processing; settlement processing; administrative terminal processing; retailer management; system security, edits, and controls; backup and recovery; error processing; and system reporting (both on-line and hardcopy). All system reports, including daily, monthly, quarterly and annual, shall be generated at both State and county levels as well as all batch processing, error, and performance monitoring reports. In addition, the test script portion of the System Acceptance Test shall be used to demonstrate interoperability with existing EBT systems within the State of California (i.e., San Bernardino and San Diego counties, and Sacramento County) and to satisfy the federal requirement to conduct interstate EBT system acceptance testing

The ad hoc or "what if" portion of the System Acceptance Test provides the State, county and federal representatives the opportunity to include various transaction sets and sequences that may not have been included in the test scripts and to challenge the system's operations and design.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.3.1 Capacity Testing

This test shall examine the software and hardware capacity of the EBT system and all supporting systems, such as the Automated Response Unit (ARU). Test results shall be used to formulate system capacity models that will be used to monitor the EBT system and to determine the appropriate hardware and software required to properly size the EBT system. The system(s) shall be sized to support anticipated peak administrative and transaction volumes and in compliance with the performance requirements specified in the ITP. Approved capacity models will be used to benchmark system operations and establish capacity/processing limits and upgrade requirements.

The Capacity Test should support the capacity methodology proposed by the Bidder in the Capacity Plan submitted with the proposal and finalized after contract award and system design. Variations from the proposed plan shall be discussed with the State prior to submission of a revised Capacity Plan. The Capacity Plan shall explain the methodology for examining the hardware and software capacity of the system, whether the Bidder has used automated tools to actually stress the system components/architecture, or whether the Bidder is basing the proposed methodology on an established industry standard capacity methodology or model.

The Capacity Test(s) shall generate all required system monitoring reports and data and demonstrate the capability to provide required data accurately and within the timeframes required by the State. If the test fails to support the methodology(ies) proposed by the Bidder, a revised Capacity Plan shall be prepared that is consistent with the final methodology(ies).

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.3.2 Automated Response Unit (ARU)/Customer Service Center (CSC) Test

The ARU system shall be tested to ensure that the system properly accepts, processes, and transfers calls as required in the ITP. The ARU and CSC shall be tested to ensure that the systems function accurately and comply with the specified performance requirements under anticipated peak volumes. In addition, all reporting requirements for the ARU and CSC shall be demonstrated and tested to ensure that required information is available and accurately reported within the timeframes required by the State and specified in the ITP.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.3.3 Telecommunications Network Performance Test

The Telecommunications Network Performance Test shall be conducted on the EBT system's communications network(s) to ensure that the networks are capable of handling the anticipated transaction volume within the required response time and error threshold specified in the ITP, the FNS EBT regulations, and the Quest Operating Rules. Telecommunications network tests shall be conducted for networks established to support POS, administrative terminal, card issuance, and any other processing/operation required to support the EBT system.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.4 Third Party Processor and ATM Network Certification

The Contractor shall develop a written third party processor and ATM network Certification Plan. All third party processors and ATM networks wishing to participate in the California EBT system shall undergo certification, regardless of participation in other EBT systems. The Certification Plan shall describe in detail the objectives of the certification test, the proposed certification requirements, the certification process, and required testing for certification/recertification.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.5 Live Demonstration

The Live Demonstration will test the EBT system's processing capabilities from the point of transaction entry through authorization, settlement, and funds movement. Live demonstration shall be completed before the Pilot Implementation begins.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.14.6 Eligibility System Acceptance Tests

After Pilot Implementation, the Contractor shall conduct an Eligibility System Acceptance Test for each new eligibility system as it is added during statewide implementation.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.15 System Maintenance

Contractor shall update documentation, implement modifications and/or enhancements to the system, and develop required system changes due to State or federal regulation changes. All modifications, enhancements, or system changes must have prior written approval by the State and must occur during non-peak times of operations.

The Contractor shall be responsible for all maintenance of all hardware and software included in the Proposal, including all equipment supplied by the Contractor to retailers, and all administrative equipment purchased or leased by the State or counties, and shall specify in writing the frequency and duration of preventive maintenance specifically for hardware and software (as applicable).

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.15.1 Preventive Maintenance (Scheduled)

A preventive maintenance schedule shall be proposed by the Contractor and must be approved by the State. The schedule for host EBT system preventive maintenance must be flexible enough to allow preventive maintenance of the host system to be performed outside of peak periods of use in order to minimize the impact to the normal operations of the State and counties. Preventive maintenance at county or State sites will normally occur during reduced-workload periods within regular operating hours. Preventive maintenance schedules may be changed only by mutual consent of the Contractor and the State.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.15.2 Remedial Maintenance (Unscheduled)

Remedial maintenance is performed by the Contractor on an unscheduled on-call basis arising from hardware and/or operating software failure. Remedial maintenance shall be commenced promptly after notification by a State, county, or retailer representative that hardware or operating software is inoperative. The Contractor shall always be responsive to the maintenance requirements of the State and counties, and shall comply with the response time requirements in Section 5 of the Model Contract, Equipment.

For retailer EBT-only POS equipment and peripheral equipment, on-site assistance shall be provided within 24 hours of the retailer's request seven (7) days a week throughout the year.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.15.3 Equipment Substitution

The Contractor shall provide one (1) set of spare equipment necessary for card activation and PIN selection in every county site that normally houses such equipment. Such equipment may include POS device, PIN select device, printer, PIN pad. In addition, the Contractor shall provide at least one (1) set of spare card embossing equipment per county, to be deployed to a county site requiring such spare equipment as needed. The Contractor may choose to provide additional spare card embossing equipment to facilitate its fulfilling the remedial maintenance response time requirements.

Site personnel may substitute such equipment in the event that installed equipment becomes inoperable due to equipment failure. The Contractor shall instruct the appropriate personnel in the proper methods of disconnecting failed equipment, physically replacing such equipment with the appropriate spare component, and connecting the spare equipment. After the equipment has been substituted, the Contractor will repair/replace failed equipment according to the requirements specified in Section 5 of the Model Contract, Equipment.

The above-described procedure is intended to assist the Contractor by facilitating its fulfilling the remedial maintenance response time requirements particularly in outlying areas and pertains only to the on-site substitution of major items of operable equipment for inoperable equipment. It is not contemplated that replacement of circuit boards, or any parts, assemblies, or sub-components or operable equipment will be handled in this manner. If such a procedure is agreed upon, the State and county personnel shall use all due care in substituting the equipment, but shall not be responsible, unless they intentionally damage the Contractor's equipment.

The site where spare equipment is located shall provide adequate storage for such equipment, secured with an appropriate lock.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.16 Project Phase Out and Transfer to New Contractor

For a minimum of six (6) months before the expiration of the Contract, if the State will be transitioning to a new contractor, the Contractor shall assist the State and the counties in migrating to the new contractor. The Contractor shall provide all necessary support to facilitate a speedy and problem free transition that does not interfere with service to clients or county operations. Failure to cooperate with or withholding any information or records requested by the State, or the new contractor, that impairs in any way the transition of EBT to a different party, shall constitute a material breach of the Contract, and shall subject the Contractor to liability for all damages incurred by the State because of such failure. Notwithstanding the above, the State may alternatively choose to consider a breach of this section an event of default.

The Contractor shall provide current system documentation, current source programs, executables, and data files in such format and on such media as may be requested by the State. The Contractor shall develop a Transfer Plan that identifies the necessary activities that must be accomplished prior to and during the conversion in order to be successful. The Contractor shall also work with the new contractor to ensure that the Transfer Plan is completed. The Contractor shall assist in all aspects of the conversion to ensure a successful transition. The assistance shall include, but not be limited to:

- Notifying retailers and recipients of the change
- Discontinuing new benefit authorization
- Allowing POS equipment to remain in retailer locations during the phase-out period to allow recipients to access remaining benefits
- Terminating all EBT related agreements at the end of the phase-out period
- Providing the State and the counties with a report of any remaining benefit balances
- Notifying recipients with existing balances
- Coordinating the transition to a new contractor
- Coordinating the transition to a new system

Additionally, at the request of the State, the Contractor shall continue to perform the duties and responsibilities of the Contract following the normal expiration date of the Contract or following the date of termination for cause or convenience; until the system is successfully transferred to a new contractor. The cost for this extended contract period shall not exceed the pricing in effect at the normal expiration date of the Contract.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.17 Confidentiality

To preserve the integrity of the security and confidentiality measures integrated into the State's automated information systems, each Bidder is required to sign the Confidentiality Statement attached as Exhibit #5-5 and submit it by the date specified in Section 1.5, Key Action Dates.

Similarly, any Bidder or subcontractor to the Bidder engaging in providing services to the State, requiring or allowing him/her to come into contact with confidential or sensitive information, is required to exercise appropriate and adequate security precautions for such data that is made available to him/her. Such adequacy of security precautions is determined by State policy and practice, which must be adhered to by its contractors.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.18 System Demonstration

If requested, the Bidder must execute a demonstration that gives State representatives an overview of the functions of its proposed system and demonstrates the functional capabilities and/or data processing facilities and capabilities indicative of the ability to develop, implement, and operate an EBT system.

Each Bidder shall prepare, and submit with its Proposal, a System Demonstration Plan (See Section 10.2) for the performance of all applicable segments of its proposed EBT system.

The Bidder shall provide and make all necessary arrangements for the demonstration facilities at no cost to the State. The location of the demonstration will be determined by the Bidder; however, demonstration within California is preferred and will be attended at the State's expense. If the demonstration is conducted outside California, the Bidder shall pay the expenses of State representatives traveling to the demonstration site. Approximately ten (10) State personnel will attend the demonstration.

The demonstration, if required, must be performed in substantial accordance with the requirements specified in Section 10.3. Failure by the Bidder to demonstrate that the claims made in its Proposal are in fact true may be sufficient to cause the Proposal to be deemed non-responsive. The State reserves the right to determine whether or not the demonstration has been successfully passed.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.19 Miscellaneous Administrative Requirements**5.19.1 Contract Amendments**

Each contract executed as a result of this ITP may be amended by mutual consent of the State and the Contractor.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.2 Nondiscrimination Compliance Statement

Bidders, and any subcontractors receiving more than ten percent (10%) of the estimated value of the contract, must submit a Nondiscrimination Compliance Statement, Exhibit #5-6, with the Draft Proposal and the Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.3 Drug-Free Workplace Certification

California Government Code Section 8355 requires that contractors to the State must provide for a drug-free workplace. Each Bidder and any subcontractors receiving more than ten percent (10%) of the estimated value of the contract must certify compliance to this law by submitting a fully executed Drug-Free Workplace Certification, Exhibit #5-7, with their Draft Proposal and Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.4 Vendor Data Record

Bidders must submit a completed Vendor Data Record, Exhibit 5-8, with the Draft Proposal and the Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.5 Subcontractor

The Bidder shall explain in its Proposal the relationship between any subcontractor and the Bidder and shall describe fully its justification for using the subcontractor(s). In addition, the Bidder shall include in its Proposal project organizational charts that clearly specify the roles and responsibilities of each by project service area and identify specific tasks to be performed solely by subcontractor staff.

The responsibility and liability for subcontractor performance shall rest with the Contractor. Subcontractors shall meet all prerequisites and standards and shall adhere to the same operational standards and requirements as the Contractor. The Contractor shall obtain prior written approval from the State prior to subcontracting the performance of any required service after the execution of the Contract.

At a minimum, the Bidder shall include the following information in its Proposal for each subcontractor:

- Subcontractor name and address, corporate/company director and primary contact
- Each specific service(s) the subcontractor shall be performing
- Evidence of each subcontractor's intent to participate, such as a copy of the signed agreement or a letter signed by an authorized representative
- Description of relevant qualifications, capabilities, and resources
- A commitment to establish a contingency plan should the proposed subcontractor fail to perform
- A commitment to assure subcontractor compliance with the security and confidentiality requirements set forth in this ITP

Any subcontractor (including Disabled Veteran Business Enterprise subcontractors) that the Bidder chooses to use in fulfilling the requirements of this ITP and that is expected to receive more than ten percent (10%) of the estimated value of the contract must also meet all Administrative Requirements and System and Operations Requirements of this ITP, as applicable. The Contractor must notify all subcontractors of all terms and conditions. The Bidder must include with the submission of its Draft Proposal and Final Proposal the following items completed by any subcontractor expected to receive more than ten percent (10%) of the estimated value of the contract:

- Confidentiality Statement, Exhibit #5-5
- Nondiscrimination Compliance Statement, Exhibit #5-6
- Drug-Free Workplace Certification, Exhibit #5-7
- Disabled Veterans Business Enterprise, Exhibit #5-9
- Certification Regarding Debarment, Exhibit #5-14
- Certification Regarding Lobbying, Exhibit #5-15
- Audited Financial Statement, per Section 5.2.1
- Corporate References, per Section 5.4

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.6 Federal Minority and Women Business Enterprise (MWBE) Requirements

Bidders are required to comply with the provisions of 7 CFR 277.14 (e) and 45 CFR 74.44 (b).

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.7 DVBE Participation Program Requirements

State law requires that State agencies have a participation goal of three percent (3%) for Disabled Veteran Business Enterprises (DVBEs) on each awarding department annual expenditures. For this procurement, the participation goal is three percent (3%) DVBE of the total solicitation cost evaluation amount less the costs for the remote input workstation operators, power consumption, and office and raised floor space. To verify compliance with this requirement, the Bidder is required to complete the Disabled Veteran Business Enterprise (DVBE) Participation Program Requirement, Exhibit #5-9.

Please read this requirement carefully. Failure to comply with the DVBE requirement may cause your Proposal to be deemed non-responsive and your firm ineligible for award of the proposed contract. Bidders must comply with all provisions of the DVBE Participation Requirement, Exhibit #5-9 and submit the appropriate forms with their Draft Proposal and Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.8 Small Business Preference

Bidders claiming the Small Business Preference must be certified as a small business for telecommunications goods or services in order for the preference to be applied. Certification must be obtained no later than 5:00 p.m. on the due date of the Final Proposal.

Are you a California Certified Small Business: Yes _____ No _____

5.19.9 Local Agency Military Base Recovery Act (LAMBRA)

California Government Code Section 7118 et seq. And California Code of Regulations, Title 2, Section 1896, 100 et seq. Provides that California based companies may be granted preferences when bidding on State Contracts in excess of \$100,000 if they qualify for and apply for the LAMBRA Preference. This preference is explained in detail on STD 832 which is included in this ITP as Exhibit #5-12, page 3. Contractors wishing to apply for this preference must complete Exhibit #5-12, page 2 and return it with their bid response.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.10 Target Area Contract Preference Act (TACPA)

The intent of the Target Area Contract Preference Act (TACPA) is to promote economic development and employment opportunities in designated target areas by offering bidding preferences on qualified solicitations. TACPA provides for two preferences: Work site and Workforce. These preferences are explained in detail on STD 830 which is included in this ITP as Exhibit #5-10, page 3. Bidders claiming one or both TACPA preference must complete Exhibit #5-10, Page 2. TACPA preferences are subject to verification by the Department of General Services, Office of Small Business Certification and Resources (OSBCR). The OSBCR will obtain the required verification upon receipt of the properly executed STD 830.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.11 Enterprise Zone Act (EZA)

The intent of the Enterprise Zone Act (EZA) is to promote economic development and employment opportunities in designated enterprise zones by offering bidding preferences on qualified solicitations. EZA provides for two preferences: Work site and Workforce. These preferences are explained in detail on STD 831 which is included in this ITP as Exhibit #5-11, page 3. Bidders claiming one or both EZA preference must complete Exhibit #5-11, page 2. EZA preferences are subject to verification by the Department of General Services, Office of Small Business Certification and Resources (OSBCR). The OSBCR will obtain the required verification upon receipt of the properly executed STD 831.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.12 Certification Regarding Debarment

The Federal Department of Labor requires that State agencies which are expending Federal funds of \$25,000 or more have in the contract file a certification by the Bidder and any subcontractor(s) receiving more than ten percent (10%) of the estimated value of the contract that they have not been debarred or suspended from doing business with the Federal Government. Each Bidder and qualifying subcontractor must certify compliance by submitting a fully executed copy of Exhibit #5-14 with the Draft Proposal and the Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.13 Certification Regarding Lobbying

Bidders and any subcontractor(s) receiving more than ten percent (10%) of the estimated value of the contract must submit a completed Certification Regarding Lobbying, Exhibit #5-15, with the Draft Proposal and the Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.20 List of Exhibits

- Exhibit #5 – 1 Letter of Intent
- Exhibit #5 – 2 Statement of Experience and Financial Condition
- Exhibit #5 – 3 Corporate Background and Experience Matrix
- Exhibit #5 – 4 Subcontractors
- Exhibit #5 – 5 Confidentiality Statement
- Exhibit #5 – 6 Nondiscrimination Compliance Statement
- Exhibit #5 – 7 Drug-Free Workplace Certification
- Exhibit #5 – 8 Vendor Data Record
- Exhibit #5 – 9 Disabled Veterans Business Enterprise Participation Program Requirements
- Exhibit #5 – 10 Target Area Contract Preferences Act (TACPA) Request
- Exhibit #5 – 11 Enterprise Zone Act (EZA)
- Exhibit #5 – 12 Local Agency Military Base Recovery Area (LAMBRA)
- Exhibit #5 – 13 Certification Regarding Lobbying
- Exhibit #5 – 14 Certification Regarding Debarment

6 System and Operations Requirements

6.1 Introduction

This section describes the equipment, software functionality, telecommunications, card specifications, training, customer service and ongoing operational support required to develop, implement and operate an EBT system in conformance with federal regulations, applicable national standards, and State-specific requirements and performance expectations. The response to this section will facilitate the evaluation of the Bidder's ability to meet the State's specification for a statewide EBT system.

The proposed EBT system shall meet the requirements of applicable Federal and State laws and regulations as well as the Quest Operating Rules. In the event that there are contradictions in these requirements, the order of precedence shall be (1) Federal law and regulations, (2) State law and regulations, (3) the Quest Operating Rules. The Federal EBT requirements shall be considered minimum standards. If specified in this ITP, the Contractor may be required to exceed federal requirements to meet State or Quest requirements. Unless expressly noted as an exception herein, Quest Operating Rules will apply to all applicable aspects of EBT system development and operation. The State may seek variances from portions of the Quest Operating Rules if deemed necessary by the State. As federal and State regulations, and/or the Quest Operating Rules are changed from time to time, the EBT system must meet the new requirements.

All requirements contained in this section are mandatory. It is necessary that each paragraph be acknowledged and agreed to. Bidders must state compliance to each numbered paragraph, or numbered section by completing the legend found at the end of each section. Bidders must remove or photocopy Section 6, System and Operations Requirements from the ITP and insert it into the response to Volume I, Part 3 with appropriate responses.

The Bidder shall present a functional design describing the services it is offering to perform, its capabilities, and qualifications. The Proposal shall clearly address all requirements as discussed in Section 6, and shall clearly explain how the requirements shall be met, and not merely restate the requirements. The Bidder shall respond to all the components of the services, whether or not the specific component is stated as a requirement.

For any requirement with a legend line for Reference Document and Description, a descriptive narrative and/or reference material is required. Description information must be addressed separately for any requirement that suggests such, in the order in which they are presented in the ITP, Section 6. Description information must reference the exact location where the requirement is found in the ITP.

The following primary requirements as outlined in Section 6 must be addressed in the Proposal.

- Central Processing Unit and Automated Response Unit
- Interface Requirements
- Account Set-up and Benefit Authorization
- Recipient Account Maintenance

- Transaction Processing
- Card Specifications
- Card Issuance and PIN Selection
- Training
- Acquirer Participation
- Customer Service
- Settlement and Reconciliation
- Reporting
- Program Integrity
- System Security
- Independent Audit and Certification
- System Availability and Backup
- Year 2000 Compliance

6.2 Central Processing Unit (CPU) and Automated Response Unit (ARU)

The EBT system, including ARU and Customer Service Center (CSC), must have the capacity to store authorization information and process transactions for current recipient caseloads and current authorized retailers. The system must accommodate future caseload and/or retailer growth, system enhancements, new technology, and third party processor, Federal, State, and county interfaces.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.2.1 Central Processing Unit (CPU)

The Bidder's Proposal must describe, in detail, the CPU to be used to operate the system. This description should include specific information regarding the primary mainframe, related hardware, and all system components, as well as the proposed backup equipment. The Proposal must identify the prime and backup equipment locations (including hot-site, if any) by street address.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.2.2 Automated Response Unit (ARU)

The Bidder must describe in detail the primary and backup ARUs to be utilized for this system and disclose the physical locations of each by street address. For the ARU (for recipients and

retailers), assuming statewide rollout for the current caseloads, the Proposal also should include data on

- Number of lines available/concurrent call capacity
- Number of customer service attendants
- Average/maximum response times for automated transactions
- Maximum number of menu options
- Average and maximum “wait” times for customer service attendants
- The average length of call by type
- The percentage of dropped calls
- Busy signal tracking
- Other relevant performance characteristics

The Bidder shall describe how it will track and report on calls experiencing a busy signal when incoming calls exceed the capacity of the system.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.3 Interface Requirements

6.3.1 County Interfaces

California eligibility systems are maintained and operated at the county level. The State is in the process of migrating the current (legacy) eligibility systems to consortium systems, collectively known as Statewide Automated Welfare System (SAWS). This migration is in various stages for the four consortia in the state. Section 3, Current Environment, describes current eligibility systems and migration schedules.

The Contractor shall provide the telecommunications infrastructure and system interfaces necessary to accommodate the various eligibility systems that currently exist within the state. As counties migrate to their SAWS system, the Contractor shall support the transition to new county eligibility system interfaces for those counties.

The State has developed preliminary eligibility system interface specifications. (See Appendix J *EBT Eligibility System Interface Specifications*). This document describes the interface options that can be used to transfer information between the county eligibility systems and the Contractor’s EBT system. Specifications are provided for batch interface files and for a host to host interface. The State believes that these interface options, in addition to information transfer afforded by the EBT Contractor’s administrative terminal system, represent the most viable options for data transfer. The Bidder shall review and comment on these specifications and assumptions in the response to the ITP. During the system design phase, the Contractor will be

required to modify/update the interface specifications to accommodate the final system design and the Contractor's EBT system.

The Contractor shall develop interfaces in accordance with the final version of the interface specifications. This will allow each county to select those interface options deemed most appropriate to that county's needs, while requiring the EBT Contractor to develop the interfaces for the EBT System only once. Each county, in conjunction with its eligibility system vendor, will be responsible for developing the eligibility system interface in accordance with the final specifications. As counties prepare for conversion of their cases, each county will certify their interface, as implemented within the respective eligibility system, to the Contractor's EBT System.

Table 6-1 indicates the preliminary interface options selected for the legacy eligibility systems. Table 6-2 indicates the preliminary interface options selected for the existing or planned SAWS eligibility systems.

Table 6-1: Legacy Eligibility Systems Interface Selections

Legacy System	Interface Selections
WCDS Consortium	<ul style="list-style-type: none"> ▪ Administrative Terminal ▪ Batch
Riverside County	<ul style="list-style-type: none"> • Administrative Terminal • Batch
Stanislaus County	<ul style="list-style-type: none"> • Administrative Terminal • Batch
Ventura County	<ul style="list-style-type: none"> ▪ Administrative Terminal ▪ Batch

Table 6-2: SAWS Eligibility Systems Interface Selections

SAWS System	Interface Selections
ISAWS	<ul style="list-style-type: none"> • Host-to-Host • Administrative Terminal • Batch
LEADER	<ul style="list-style-type: none"> • Host-to-Host • Administrative Terminal • Batch
CalWIN	<ul style="list-style-type: none"> ▪ Host-to-Host ▪ Administrative Terminal ▪ Batch
C-IV	<ul style="list-style-type: none"> • Host-to-Host • Administrative Terminal • Batch

Interfaces shall also be required with the county financial systems (e.g. treasurers and controllers), to provide county financial officers with access to daily settlement account information and data to conduct post audit activities.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.3.2 Telecommunications Network

The Contractor shall provide communications lines of sufficient bandwidth to support traffic and response times to all sites and county and State systems. The Contractor shall provide all telecommunications infrastructure, such as DSUs and routers, to implement the proposed solution.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.3.3 State Interface

The State shall require an interface to the EBT host for administrative terminal access and receipt of redemption, financial and program integrity reports. The contractor shall work with the State in defining hardware, software, and communication protocols. The contractor shall accommodate the State's defined windows of operation and transmittal of reports.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.3.4 Federal Interfaces

The EBT System shall interface with all federal systems required for the operation of the EBT system, (e.g., AMA, ASAP, and REDE).. The Contractor shall provide administrative terminals and connectivity to the EBT host to the following federal office by the beginning date of pilot operations:

1. FNS Sacramento Field Office
2. FNS Los Angeles Field Office
3. FNS Western Region Office in San Francisco

The Contractor shall also provide administrative terminals and connectivity to the EBT host to the USDA, OIG Regional Office in San Francisco by the beginning date for statewide rollout activities.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4 Account Setup and Benefit Authorization

The Contractor shall receive and process account setup, benefit authorization and benefit adjustment file transmissions from each county. Account setup information will be provided by the local county offices and transmitted to the Contractor via batch file transmissions and/or on-line processing. The Contractor shall accommodate monthly, daily and immediate account setup and benefit authorization. The Contractor shall always process account setup data before benefit authorization data. All benefit authorization records transmitted from the counties to the Contractor will be categorized according to account type: Food Stamps or cash. The specific file formats, including data elements, field lengths, and number of fields, will be determined by the State and the Contractor during design of the system interfaces. Data elements that are expected to be included in such files are described in the following sections. Bidders shall specify in their responses any additional or alternative data elements necessary to support account setup, benefit authorization, account maintenance, and/or reporting.

In batch transmission mode, batch files will be indicated by the respective batch header and batch trailer records. To support batch processing, the State, counties and Contractor shall agree to a specific time frame or window during which daily batch files will be transmitted. However, the Contractor shall be able to accept and process transmissions from counties 24 hours per day, 7 days per week. Immediately upon receipt of a file, the Contractor shall either confirm receipt of a complete and successfully transmitted file or contact the county or consortium and request retransmission of the file. The Contractor shall confirm receipt of files within thirty (30) minutes of receipt until transmission and receipt have been successfully completed.

For monthly account setup and benefit authorization transactions sent in batch mode and received during the agreed upon timeframe, the Contractor shall process the transactions, perform all setup and benefit posting processes, and make benefits available by 5:00 A.M. Pacific Time on the specified benefit availability date. For other benefit authorization transmissions, not part of the monthly batch, the transmission window and availability time shall be agreed upon between the Contractor and each county.

On-line transmission of account setup and benefit authorization transactions shall be used in the event that a county must setup an account or authorize benefits for a client emergency or immediate need. To support on-line transmission of account setup and benefit authorization transactions, the Contractor shall accommodate on-line communications between each county and the Contractor. On-line communications will originate from administrative terminals located

in county offices, or CPU-CPU on-line, real-time through the county eligibility system. Authorization transactions received in on-line mode shall be processed immediately with account setup and benefit posting occurring immediately upon receipt.

The Contractor shall acknowledge receipt of account setup, benefit authorization and benefit adjustment files transmitted from each county. The Contractor shall provide each CWD with a daily electronic report of EBT accounts established, benefit authorizations, and adjustments, and exceptions.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.1 Account Structure

Recipients may be eligible to receive benefits from one or more benefit programs. Initially, the EBT system shall be set up to administer Food Stamps, CalWORKs, RCA/ECA and GA/GR. These programs fall into two (2) account types: food stamps and cash. The Contractor shall establish an EBT account for each account type (food stamps or cash) for which a recipient may be eligible. Within an account, the EBT system must distinguish between, track and report on benefits according to benefit program (i.e., Food Stamps, CalWORKs, GA/GR, and any other programs that may be added in the future). The Contractor shall design the EBT account structure to ensure that benefit balances are accurately maintained, account activity can be tracked and reported separately, benefits accessed by recipients are drawn from the appropriate account, and benefit accounts are not overdrawn.

The Bidder shall specify the approach for creating an account structure that encompasses Food Stamps and cash benefits, and can incorporate future additions of benefit programs (e.g., Direct Federal, WIC) on a single card. The specifications must include the approach for linking cards to client accounts and for ensuring that benefits are drawn from the appropriate benefit program and account, and that benefit accounts are not overdrawn.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.1.1 Order of Draw

Recipients may be eligible to receive benefits from one or more benefit programs. Initially the EBT system will accommodate Food Stamp benefits for all counties, and CalWORKs and GA/GR benefits for those counties that choose EBT for cash benefit issuance. The State reserves the right to add other benefit programs in the future. Bidders are, therefore, cautioned to anticipate an EBT account structure that will accommodate a wide range of State and federal

benefit programs. A recipient potentially may be eligible to receive benefits from three categories: day-of-draw cash benefits; pre-funded cash benefits; and day-of-draw food stamp benefits.

Currently, cash benefit programs that are treated as pre-funded benefits are beyond the scope of the EBT system. However, Bidders are required to meet the requirements of this section should the State add programs at a later date.

Cash benefits can be either pre-funded at the beginning of each benefit period (i.e. direct Federal cash benefits), or funded subsequent to the client accessing benefits, known as day-of-draw (i.e. county administered cash benefits). Whether benefits are funded on the day of draw or pre-funded, the balance available to clients for cash withdrawal or balance inquiry shall be the sum of all cash benefits in the cash benefit account. Therefore, when the EBT system reports a cash balance during a balance inquiry or on a cash receipt, the balance will reflect the sum total of all cash benefits available from all cash benefits. However the Contractor shall retain the ability to determine cash benefit balances by program for customer service and administrative purposes.

The Contractor shall assign a primary program designator (PPD) to the required cash benefit programs. When a recipient has benefits from multiple cash programs, the Bidder shall use the PPD to determine the cash benefit program from which funds will be drawn for settlement. Benefits will be drawn according to a program hierarchy that represents the order in which funds will be disbursed and drawn for settlement. The order-of-draw may change if programs and features are added to the EBT system. Therefore, the order-of-draw should be table-driven and easily modifiable. Pre-funded cash benefits, if they later become part of the EBT Project scope, will always be drawn first. Day-of-draw benefits will be drawn when no pre-funded cash benefits remain. Within day-of-draw benefit programs, the order of draw shall be

1. Solely federally funded benefits
2. Jointly federally and State funded benefits (CalWORKs)
3. Solely State funded
4. Solely county funded (GA/GR).

Furthermore, the system shall maintain information about benefit issuance date (including month and year). Benefits shall be drawn on a first-in first-out basis. The system will be capable of reporting this information to the State and counties.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.2 Account Setup

The Bidder must describe the process through which it will generate benefit account numbers and link them to the counties' case numbering methodologies, which are integral to the counties' eligibility systems.

The Contractor shall receive and process account setup data transmitted by each county. Account setup data includes client case data necessary for the setup of an EBT account. For all cases, other than expedited issuance cases, the county will transmit account setup data prior to the issuance of a card. Account setup data fields shall include, but are not limited to

- Welfare case ID number
- Recipient name (last, first, middle initial)
- Date of birth
- Social Security Number
- Address
- Transaction type identifier (i.e., setup, change account data, or modify account status)
- Recipient code(s) (to indicate if the cardholder is the recipient, AR, etc.)
- Optional recipient identifier
- Location and/or worker identifier

The final list of data elements will be determined between the State and the Contractor during system Design Phase.

The Contractor shall provide the State and each county with a daily electronic report of EBT accounts established. Additionally, the Contractor shall report all account setup exceptions, including but not limited to rejected setup requests and reason for rejection (e.g. duplicate case).

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.2.1 Expedited Account Setup

In the event of immediate recipient need, the county may expedite issuance by setting up an account via the administrative terminal and issuing a card over-the-counter in a county location. The account setup data shall be accessed through an administrative terminal transaction or CPU-CPU on-line real-time through the county's eligibility system. Administrative terminals shall have multiple security levels capable of restricting access to this function.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.2.2 Multiple Cards per Account

A recipient head of household may designate an Authorized Representative (AR) to have access to the Food Stamp account. A Protective Payee may be designated by the CWD to have exclusive access to the recipient's cash benefit account. The recipient may also request additional cards for one or more adult household members enabling them to access the head of household's Food Stamp and/or cash benefit account. The Contractor's system shall be capable of blocking access to any account at the request of the head of household. Protective Payees shall be blocked from access to the head of household's Food Stamp account. Multiple cards attached to the head of household's account shall have unique primary account number (PAN) and PIN numbers. The Bidder shall specify their approach for linking the multiple cards to the recipient's account.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.2.3 Adding Program(s) to an Existing Card

The Contractor shall have the capability to add new benefit program accounts to an existing card. If a recipient with an active card becomes eligible for additional benefit programs included in the EBT system, the Contractor shall provide access to the new benefits using the recipient's existing EBT card.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.3 Benefit Authorization

The Contractor shall receive and process benefit authorization records transmitted from each CWD containing each day's authorizations and changes. The Contractor shall process benefit authorizations and post the authorized benefit amounts to the appropriate EBT accounts. Benefit authorization data fields shall include, but are not limited to:

- Welfare case ID number
- Benefit program identifier
- Benefit type
- Benefit amount
- Benefit availability date
- Benefit month and year
- Location and/or worker identifier

The final list of data elements will be determined between the State and the Contractor during the system Design Phase.

An acknowledgement of receipt and reconciliation of the data loaded into the database shall be transmitted to the county on a daily basis. The Contractor shall provide each CWD with a daily electronic report of benefit authorizations, rejections, and reasons for rejections (e.g. duplicate authorization).

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.3.1 Benefit Availability Date

For ongoing cases, counties will authorize benefits, at a minimum, once per month. In addition to the monthly benefit authorizations, the counties will transmit daily benefit authorizations to authorize benefits for new accounts and to authorize supplements for existing accounts.

Though the monthly authorization file will be transmitted at one (1) time each month, the actual dates of benefit availability will be staggered. The benefit availability date will be transmitted to the Contractor as part of the benefit authorization file. Food Stamp benefits will be staggered over the first ten (10) calendar days of the month. CalWORKs benefits will be staggered over the first three (3) calendar days of the month. Counties electing to use EBT for GA/GR benefits will be required to stagger issuance over at least three (3) days; however, GA may be staggered over a period longer than three (3) days at the county's discretion.

Fresno County currently authorizes benefits on a different schedule. See Section 3.8 for a discussion of Fresno County's benefit cycling process. Though Fresno is the only county that currently cycles benefits, this option is available to all counties. Any county may change its benefit issuance method during the contract period, as long as it conforms to State requirements for benefit issuance.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.3.2 Benefit Adjustment

The Contractor shall be capable of accepting account adjustments initiated by the county after a benefit authorization file has been transmitted, but before the funds are made available to the recipient. In the event that an adjustment is required, the CWD shall cancel the original benefit authorization, and shall transmit a new benefit authorization with the adjusted benefit amount.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.3.3 Emergency/Immediate Need Benefit Authorization

Emergency benefit authorization may occur via an administrative terminal or CPU-CPU on-line real-time through the county's eligibility system. Such transactions shall occur on-line, real-time with benefits available to the recipient immediately. Administrative terminals shall have multiple security levels capable of restricting access to this function.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.4.4 Food Stamp Benefit Conversion

Recipients who leave the EBT Project area may request to have their electronic FSP benefits converted to food stamp coupons. Upon request of the recipient, the CWD will initiate an administrative terminal transaction to convert remaining Food Stamp account balances to food coupons.

County Option: The county shall have the option of storing and converting food coupons in the county or having the Contractor handle food coupon conversion and mail coupons to recipients.

If food coupons are stored locally at the welfare department, then recipients shall receive benefits converted to food coupons within one (1) business day following notice by the recipient. If the coupons are stored at a central location, or mailed by the Contractor, recipients must receive the converted benefits within three (3) business days. This may require the Contractor to mail Food Stamp coupons within one (1) postal day of the transaction initiating the benefit conversion.

The State shall not impose a limit on the number of conversions per household for short-term absences from the EBT Project area.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5 Recipient Account Maintenance

Upon notification by the county through the setup process, the Contractor shall establish and maintain an account(s) for each recipient. The Contractor shall ensure accurate information regarding recipient demographics, account balances, account activity and account status are maintained.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.1 Maintain Account Balance

Recipients may be eligible to receive benefits in one or more programs. The Contractor shall ensure that accurate balances are maintained separately for each account. Current account balance shall be available for on-line access via an administrative terminal, balance inquiry at an ATM or POS device, and the ARU.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.2 Maintain Transaction History

The Contractor shall maintain an on-line rolling ninety (90) day transaction history for each account for access through administrative terminals and the CSC. After ninety (90) days, transaction history data shall be maintained off-line for four (4) years. At a minimum, transaction history information shall include recipient name, PAN, EBT account number, benefit program identifier, transaction type (e.g., FS purchase, FS return), FNS number for FSP transactions, merchant ID, retailer or bank name, transaction location (Regulation E descriptor), transaction amount, transaction date, settlement date, and itemized transaction fees and/or surcharges.

Up-to-the-minute information regarding cash and food stamp account balances and transaction histories must be available free to the recipient 24 hours per day through the ARU and CSC. Balance information shall also be available, though not necessarily free to the recipient, through any POS or ATM terminals with such capability. CWDs shall have access to recipient account balances and transaction history data through administrative terminals. Recipients shall be able to review the last ten (10) transactions for each program via the ARU. More extensive transaction histories shall be available through the CSC. Upon request of a recipient, the Contractor shall mail a two-month transaction history to the recipient's address within two business days.

Transaction history information stored off-line shall be retrieved within one (1) business day of request by the State or county.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.3 Post Benefits

The county will transmit to the Contractor a benefit authorization file specifying a client's benefit allotment for the month (refer to Section 6.4.3, Benefit Authorization). However, no funds will be transmitted with the authorization file. Rather, benefits will be funded on the day the cardholder draws benefits. Regardless of the timing for funding benefits, for account maintenance purposes, benefit authorizations will be posted as credits to recipient accounts.

During the period in which recipients are eligible for benefits, benefits normally will be authorized for posting to the recipient's account once per month. Benefit authorization data provided by the county will reflect a staggered issuance schedule. FSP benefits, in general, will be staggered over the first ten (10) calendar days of the month; cash will be staggered over the first three (3) calendar days of the month. Authorized benefits shall be posted for availability by 5:00 A.M. Pacific Time on the designated issuance day.

In addition to monthly batch benefit authorizations, due to changes in recipient status or when new cases are added, benefits may also be authorized throughout the month. The current month's benefit allotment shall be added to any balance remaining in the account at the time of posting. For such benefit authorization transmissions, not part of the monthly batch, the transmission window and availability time shall be agreed upon between the Contractor and each county.

Benefit authorizations for expedited issuance, transmitted to the vendor via an administrative terminal, shall be posted to the appropriate account for availability immediately upon receipt of the authorizing transaction.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.4 Post Debits

As a result of purchases, cash withdrawals, and fees charged to recipients, debits will be generated for posting to recipients' accounts. The Contractor shall have the capability to capture and post account debits real time as clients perform transactions to ensure that recipient accounts are not overdrawn and that there are sufficient funds to cover all authorized transactions. The

Contractor shall be liable for any funds drawn from an incorrect account or program, and for overdrafts of benefit accounts.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.5 Hold Funds

Under certain circumstances, a retailer may perform a manual Food Stamp transaction. When manual Food Stamp transactions are performed, the retailer will obtain a voice authorization from the Contractor. The Contractor shall place a hold on funds authorized by voice authorization for up to fifteen (15) calendar days. If the manual transaction is presented for settlement within fifteen (15) calendar days from the date of authorization, the Contractor shall debit the recipient account and settle the transaction. If the manual transaction is not presented within fifteen (15) calendar days, the Contractor shall release the hold on funds and make them available to the recipient.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.6 Maintain Account Status

The Contractor shall maintain an account status for each recipient account. An account status may be active, dormant, stale (or inactive), or expunged.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.5.6.1 Active Account Status

Accounts for which ongoing financial transactions are being posted shall be designated as active accounts.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.5.6.2 Dormant Account

Accounts on which no debits have been posted for thirty (30) to eighty-nine (89) days shall be designated as dormant accounts. The Contractor shall provide a monthly report identifying accounts on which no debits have been posted for thirty (30) and sixty (60) days. The county shall send a notice to the recipient after sixty (60) days of inactivity, notifying the recipient of when benefits will become inaccessible, and how to re-access benefits.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.5.6.3 Stale (or Inactive) Account Status

When no debits have been posted on a Food Stamp or cash account for ninety (90) days, the account shall default to stale status and may be moved off-line, unless the county requests the account to be maintained on-line in active status. A waiver has been granted allowing the State to use a specific number of days (ninety (90) days instead of three (3) months) for moving benefits off-line. The Contractor shall have the ability to reinstate benefit availability upon notification by the CWD. Such notification by the county shall be possible through the administrative terminal. Benefits shall be reinstated and accessible to the recipient within 24 hours of the county's request. The Contractor shall report to the county the date, benefit amount, and storage location for all stale accounts moved off-line.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.5.6.4 Expunged Accounts

After benefits have been available for the full duration of 90 days on-line and 180 days off-line, they may be expunged. This means that the Food Stamp benefits will be expunged on a monthly basis until the entire account has been expunged. Expunged benefits shall not be reinstated. The Contractor shall transmit an expunged account report to the county indicating food stamp and cash accounts expunged and any remaining benefit balances(s) at the time of expungement.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.5.7 Data Retention

The Contractor shall archive transaction and settlement data in a standard data structure to facilitate fraud detection and investigation, program reviews, and other administrative activities. Historical data shall be made available to Federal, State, and county representatives upon request. Transaction and account information shall be available on-line for a period of ninety (90) days. Data elements stored off-line shall be retained in an electronic format compatible with State and county requirements. After four (4) years, data may be purged. This data may

encompass electronic transaction records, settlement reports, manual voucher forms, CSC call records, statistical reports, and forms. The Contractor may purge data quarterly. The Contractor shall provide the appropriate State and county offices with a monthly report containing a list of items to be destroyed at the next quarterly purge, and the intended method of destruction. The Contractor shall ensure that confidential and sensitive data is destroyed such that there will be no further access to the data by any individual. At the State or county's request, the Contractor shall transfer information or documents that the State or county wishes to retain. The format for transfer of information and/or data shall be specified during the Design Phase.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6 Transaction Processing

The Contractor shall have the capability to receive and process transactions from POS terminals and ATMs. Transactions may be routed through a commercial network or switch, a direct connect, or through a proprietary transaction route where the Contractor acts as acquirer. Transactions shall be processed in accordance with the Quest Operating Rules. The Contractor shall ensure that clients access their Food Stamp accounts only at POS terminals at FNS authorized retailer locations. Cash accounts may be accessed through participating ATMs or POS terminals.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.6.1 Transaction Authorization or Denial

The Contractor shall authorize a transaction only if:

1. The transaction is initiated through a valid terminal, third party processor or network
2. The retailer has a valid FNS authorization number (for Food Stamp transactions)
3. The card authentication value is verified
4. The card status is "active"
5. The client PIN is verified
6. There are sufficient funds in the account to cover the amount of purchase or cash withdrawal and any fees or surcharges that are the cardholder's responsibility

If any one of these conditions is not met, the Contractor shall deny the transaction and transmit a denial message to be printed on the transaction receipt. The Contractor shall ensure that a recipient benefit account is not overdrawn and shall assume all liability if an account is overdrawn.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.6.1.1 Merchant Validation

For all Food Stamp transactions the Contractor shall validate that the transactions originated at an FNS authorized retailer (refer to Food Stamp Retailer Management, Section 6.10.3). The FNS retailer authorization number shall be included in the Food Stamp transaction message.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.6.2 Transaction Sets

When a transaction authorization request is received, the Contractor shall determine and record the transaction type. The Contractor shall also determine the fee structure and payee for all transactions. The Contractor shall, at a minimum, support the following POS, ATM, exception, and administrative transaction sets.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.6.2.1 POS Food Stamp Program Transactions

No fees may be imposed on recipients for any Food Stamp Program transactions. The Contractor shall support the following transactions.

6.6.2.1.1 Food Stamp Purchase

The EBT System shall support purchase transactions at FNS authorized retailers.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.1.2 Food Stamp Merchandise Refund

A merchandise credit request may be initiated to credit a cardholder's account for an original Food Stamp transaction. The Contractor shall credit a Food Stamp merchandise refund only to

the cardholder's Food Stamp account. Upon receiving a request for authorization of a Food Stamp merchandise return, the Contractor shall credit the amount to the recipient's Food Stamp account and provide a receipt reflecting the adjusted balance.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.1.3 Balance Inquiry from Food Stamp Account

The Contractor shall support balance inquiries initiated at a POS. However, the Contractor is not required to provide POS devices solely for the purpose of balance inquiry. Retailers may provide balance inquiry devices at their own expense, if they choose to do so.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.1.4 Manual Food Stamp Transactions (Paper Sales or Credit Draft)

Manual transactions shall be supported only for FSP transactions. The Contractor shall provide a voice authorization system for the approval of manual FSP transactions. The retailer shall use a paper sales draft in conjunction with a telephone authorization in the event that the retailer's system (terminal, magnetic stripe reader, or PIN pad) is inoperative, a problem with a third party processor occurs, or the retailer does not have access to a POS device. Upon providing a telephone authorization for a Food Stamp transaction, the Contractor shall put a hold on the authorized funds in the cardholder's account. For settlement, the manual transaction must be presented to the Contractor with a paper sales draft or an electronically converted sales draft within fifteen (15) calendar days.

In some cases the retailer may initiate a manual FSP transaction without prior telephone authorization. The Contractor shall support manual FSP transactions that are initiated and transmitted without prior telephone authorization. However, retailers conduct such transactions at their own risk. The Contractor is not liable for these transactions if they are denied due to insufficient funds. If the funds are available, the Contractor shall authorize and settle the transactions. Re-presentation of denied transactions is not allowed.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.1.5 Store and Forward Transactions

Store and Forward transactions shall be supported only for FSP transactions. The EBT-only terminals deployed by the Contractor are not required to support Store and Forward. If at any time an FNS authorized retailer is unable electronically to communicate with the Contractor's

system, the retailer may electronically store and forward a FSP transaction, provided that the cardholder's PIN is stored only in an encrypted format. Retailers conduct such transactions at their own risk, unless the transactions occur during a downtime period when the Contractor is contractually liable up to the floor limit. Under all other circumstances, the Contractor is not liable for these transactions if they are denied due to insufficient funds or incorrect PIN. If the funds are available, the Contractor shall authorize and settle the transactions. Re-presentation of denied transactions is not allowed.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.1.6 Electronically Converted Manual Food Stamp Transactions

The Contractor shall support the processing and settlement of authorized manual FSP transactions that have been converted to an electronic format acceptable to the Contractor and initiated and transmitted to the Contractor within fifteen (15) days of the telephone authorization.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.1.7 Denials

Transactions shall be denied if they do not meet the criteria listed in Section 6.6.1, Transaction Authorization or Denial. Transaction response shall include the reason for denial. Only in the event of denial due to insufficient funds shall the transaction response include the available balance.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.2 POS Cash Transactions

Unless specifically noted, the Contractor may not charge a fee to recipients for POS cash transactions.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.2.1 Purchase from Cash Account

The EBT System shall support purchase transactions at participating acquirers.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.2.2 Purchase with Cash Back from Cash Account

The Contractor may not impose a limit on the amount of cash back per POS transaction. However, the POS acquirer may place restrictions based upon store policy.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.2.3 Cash Only from Cash Account

The Contractor may not impose a limit on the amount of cash withdrawal per POS transaction. However, the POS acquirer may place restrictions based upon store policy. The State is not responsible for any surcharges imposed by POS acquirers for cash-only transactions.. **The Contractor may charge the account a fee for cash withdrawal transactions at a POS after the first four per case per month. The Bidder shall specify if the account shall be charged a fee for cash withdrawal transactions after the first four per case per month. The amount of any such fee shall be specified in the Cash Access Plan (See Section 5.10).**

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.2.4 Pre-authorized Transaction from Cash Account

Pre-authorized transactions are permitted only on cash accounts. The Contractor shall debit the cardholder's cash account for a pre-authorization transaction. If the amount of the completion exceeds the amount of the pre-authorization, the Contractor is liable for and must settle only the pre-authorized amount. Completion messages received later than two (2) hours after the pre-authorization request shall be settled only if sufficient funds are available in the cardholder's cash account. (Refer to Quest Operating Rules).

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.2.5 Balance Inquiry from Cash Account

The Contractor shall support balance inquiries initiated at a POS. However, the Contractor is not required to provide POS devices solely for the purpose of balance inquiry. Retailers may provide balance inquiry devices at their own expense, if they choose to do so.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.2.6 Denials

Transactions shall be denied if they do not meet the criteria listed in Section 6.6.1, Transaction Authorization or Denial. Transaction response shall include the reason for denial. Only in the event of denial due to insufficient funds shall the transaction response include the available balance.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.3 ATM Transactions

If access through ATM devices is part of the Bidder's Cash Access Plan (Section 5.10), the following ATM transactions shall be supported. **The Contractor may charge a fee to recipients for ATM transactions as described below.**

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.3.1 Withdrawal from Cash Account

An ATM acquirer accepting the EBT card may not impose a minimum transaction limitation greater than \$20 or a maximum transaction limitation less than \$200 per transaction. If the ATM is physically capable of printing an available balance after a transaction, the ATM shall print the available balance.

The State will not be responsible for any surcharges imposed by an ATM acquirer. Any surcharges will be the responsibility of the recipient.

The Contractor may charge the cardholder for ATM withdrawal transactions that exceed the maximum number allowed in the Bidder's Cash Access Plan. The Bidder shall specify any fee to be charged to recipients for ATM withdrawals in the Cash Access Plan (See Section 5.10).

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.3.2 *Balance Inquiry from Cash Account*

The Contractor may charge the recipient a fee for any balance inquiry transactions conducted at an ATM. The State will not be responsible for any fees for such transactions. The State supports recipients' use of the ARU for balance inquiries. **The Bidder shall specify any fee to be charged to recipients for ATM balance inquiries in the Cash Access Plan (See Section 5.10).**

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.3.3 *Denials*

Transactions shall be denied if they do not meet the criteria listed in Section 6.6.1, Transaction Authorization or Denial. Transaction response shall include the reason for denial. Only in the event of denial due to insufficient funds shall the transaction response include the available balance (if the ATM is capable of printing available balance on the receipt). **Recipients may not be charged a fee by the processor for denied transactions conducted at ATMs.**

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.4 *Exception Transactions*

6.6.2.4.1 *Transaction Adjustments*

A transaction adjustment is initiated by an acquirer to correct an out-of-balance condition identified during the terminal, retailer or acquirer reconciliation process. The adjustment shall reference a settled original transaction that is partially or completely erroneous. The Contractor shall have the capability to process such adjustments and adjust the recipient's account balance. Adjustments that affect recipients' accounts must comply with Federal and State noticing requirements.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.4.2 *Chargebacks*

The Contractor has the right to chargeback transactions to the acquirer to correct an amount incorrectly charged to the recipient. The Contractor shall credit the acquirer for any payment

from a cardholder that is received after that transaction was charged back. The Contractor shall have the capability to process the chargeback and have this reflected in the recipient's account.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.4.3 *Reversals/Cancellations*

A transaction may be reversed or canceled. At an ATM, the cardholder may cancel a transaction. At a POS, the merchant will transmit the trace number and the exact dollar amount of the original transaction. The Contractor shall have the capability to accurately process the reversal/cancellation transaction and appropriately adjust the recipient's account balance.

Each ATM operator must be able to initiate reversals and partial reversals at the ATMs it drives.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.4.4 *Resubmission of Denied Manual Food Stamp Transactions*

If the Contractor denies a manual Food Stamp transaction or Store and Forward transaction due to an error in message format, the Contractor shall allow the resubmission of such transactions during the same calendar month in which the transaction was originally completed.

Resubmissions are not allowed if the transaction was denied due to invalid PIN or insufficient funds.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.4.5 *Re-presentation*

The State will not permit re-presentation of denied transactions, as re-presentation is defined by Federal regulation 7 CFR 274.12 (l).

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.2.5 *Administrative Transactions*

In addition to ATM and retail POS transaction functionality, the Contractor shall support administrative transaction functionality. Transactions that originate at administrative terminals for on-line transmission to the EBT host are subject to a requirement for two-second EBT host machine throughput for transaction processing. At a minimum, the administrative transaction set

that must be supported includes:

- Account setup
- Update account information
- Add program to an existing card
- Add additional cardholders to existing accounts
- Benefit authorization/cancellation
- Card issuance/activation
- Card replacement
- Recipient PIN selection
- Food coupon conversion
- Status the EBT card as lost or stolen
- Recipient account inquiry
- Retailer account information inquiry
- Reactivation of inactive accounts
- Debit a food stamp or cash account to pay a replacement card fee
- Voluntary claims repayment

The Contractor shall provide, install and maintain administrative terminal/POS application hardware, software and communication protocols to the State, county offices, and the FNS Regional Office. For each type of equipment to be deployed, the Bidder shall specify brand, model and technical capabilities.

The Contractor shall also supply administrative function software and communication protocols so that administrative transactions may be initiated from government-owned terminals or PCs. There shall be no additional cost for administrative function software provided to run without modification on existing terminal equipment.

Administrative terminal functionality shall include multi-level access controls to ensure that only authorized individuals process administrative transactions or access client account information through administrative terminals. Bidders must clearly explain their Proposal to provide administrative terminal functionality, including multi-level application access control, and must specify the hardware (terminals or other POS terminal configuration) and software that is necessary to support this function. Reports on transactions that originate at administrative terminals must identify the location and technician that originated the transaction.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.6.3 Interoperability

6.6.3.1 Interstate Interoperability

The State is interested in achieving interoperability with other states. In accordance with the Quest Operating Rules, the Contractor shall establish telecommunications links, transaction switching facilities and any other arrangements with other Quest issuers necessary for the routing of interoperable transactions to such other issuers, and for facilitating the settlement of such interoperable transactions. In response to this section, the Bidder shall describe its approach to achieving interoperability and ensuring that FNS merchant authorization is validated for every FSP transaction.

The Contractor shall route a transaction initiated in California by a non-California card through a commercial switch to the appropriate issuer for authorization. If the transaction originates at a retailer, acquirer or ATM that is directly connected to the Contractor's processor, the Contractor shall have the capability to switch the transaction to the appropriate issuer. The State shall not be responsible for any transaction fees associated with switching out-of-state transactions to the appropriate issuer.

The State does not wish to restrict California recipients' ability to access their Food Stamp or cash accounts outside of the state. Therefore, if a recipient conducts a transaction outside the project area, the POS or ATM transaction will be routed from a commercial switch to the Contractor for authorization. Or the transaction may be routed directly if a direct connect exists between the two processors.

The Contractor shall have the capability to track and report on transactions conducted out-of-state by California cardholders.

The EBT system shall prohibit access to any Food Stamp benefits beyond United States borders.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.6.3.2 Interoperability Within California

California cardholders shall be able to use their EBT card anywhere within California, including San Bernardino County and San Diego County. Likewise, recipients from those two counties shall be able to access their benefits at any FNS authorized retailer in the State. The Contractor shall ensure that such interoperability exists within the State. Each issuer shall be responsible for any interchange fees associated with such interoperability. In response to this section, the Bidder shall describe how it will ensure intrastate interoperability, particularly interoperability between Quest areas and non-Quest areas (i.e., San Bernardino and San Diego), including any problems, limitations and/or liabilities.

Sacramento County has an EBT system for GA benefits; however, Sacramento's Food Stamp benefits and CalWORKs benefits (if the County chooses) will be part of the State's EBT system. If supported by Sacramento County, Sacramento GA recipients may access their benefits at Quest locations outside Sacramento. The Contractor shall support such interoperability. Sacramento County will be responsible for any interchange fees associated with such interoperability.

The Contractor shall have the capability to track and report on transactions conducted outside the authorizing county by California cardholders.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.6.4 Transaction Messaging

The Contractor shall use the ISO 9510 message format, modified for EBT. Message format shall comply with Federal regulations and Quest Operating Rules.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.6.5 Transaction Processing Performance Standards

Per FNS regulations, the Contractor shall maintain an accuracy standard of no more than two (2) errors per 10,000 transactions processed.

For leased lines, 98% of EBT transactions shall be processed within 10 seconds, and all EBT transactions shall be processed within fifteen (15) seconds. For dial-up systems, 95% of the EBT transactions shall be processed within fifteen (15) seconds, and all EBT transactions shall be processed within 20 seconds. Processing response time shall be measured at the POS terminal from the time the "enter" key is pressed to the receipt and display of authorization or denial information.

The Contractor shall install network-monitoring tools to accurately report EBT network performance. The Contractor shall also monitor disk, CPU, DASD, ARU, and direct-connect terminal usage. The Contractor shall provide details for resource forecasting and demonstrate performance monitoring tools and reports to the State prior to EBT operations. The Contractor shall provide performance-monitoring reports and projected areas for upgrades to federal, State and county representatives upon request. The State shall review the Contractor and third party response times for purposes of determining whether response time requirements are being met.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.6.6 Transaction and Fee Accounting

In processing transactions, the Contractor shall maintain the integrity of the system by accounting for transactions by program and accounting for transaction fees. The Contractor shall track the total number of transactions by transaction type and by retailer.

A general ledger account for each benefit program and each recipient account shall be maintained. Changes in recipient account balances shall be balanced to changes in program benefit obligations outstanding at the end of each 24-hour processing cycle. The changes in program and recipient account balances shall balance to the value of the day's transactions. The system must also be reconciled at the county level.

The Contractor shall track and account for recipient-paid transaction fees on a monthly basis. Fees that are the recipient's responsibility shall be deducted from the appropriate account at the time of the transaction.

Recipients may not be charged a fee for any Food Stamp transactions. Recipients also may not be charged a transaction fee for the first four (4) cash withdrawal transactions per case per month, as described in the Cash Access Plan. Fees may only be imposed on the recipient by the processor for the types of transactions listed below.

- Cash withdrawal at POS after the first four per case per month
- Cash withdrawal at ATM after the number designated in the Cash Access Plan
- Balance inquiry at ATM

The counter that tracks when the Contractor may charge a fee shall not increment for reversed, denied or voided transactions. The counter may increment for partial reversals.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.7 Card Specifications

The EBT card shall provide on-line access to client accounts via a plastic benefit access card with a magnetic stripe that allows clients to access benefits through electronic transaction processing. The Contractor shall provide card design and production services for the EBT card.

The Contractor shall ensure that the card which is designed and produced for the California EBT system complies with Federal regulations 7 CFR 274.12 (h)(6), Quest Operating Rules, and ANSI/ISO standards. The Contractor shall comply with the requirements defined by the State regarding card embossing, sleeve, printing, and design.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.7.1 Primary Account Number (PAN)

The PAN is a 16 to 19-digit numeric field that provides the means of identifying the designated card issuer and the client to whom the card was issued. The PAN may not alter or conflict with any numbering system currently in use by the counties.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.7.2 Personal Identification Number (PIN)

The PIN is comprised of four (4) alphanumeric characters or digits. The PIN shall be verified at the EBT host; the PIN offset shall not be carried on the access card's magnetic stripe.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.7.3 Bank Identification Number (BIN)/Industry Identification Number (IIN)

The BIN/IIN is a six-digit number encoded on the magnetic stripe that begins immediately after the start sentinel and consists of 6 contiguous digits. A State-specific EBT BIN/IIN will be used by the Contractor to only provide access to the specified benefits. At the end of the contract period, use of the BIN/IIN will revert back to the State of California. The BIN/IIN will comply with ISO 7813.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.7.4 Card Expiration Date

The EBT card shall be non-expiring. Each non-expiring card shall use the “4912” convention encoded on Track 2.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.7.5 Card Personalization

EBT cards shall have the cardholder’s name and PAN on the face of the card, in accordance with ISO 7811. A signature panel shall be provided on the back of the card. The PAN shall be embossed.

There may be more than one cardholder per account. Each card must contain unique identifying data (name and PAN) and use a cardholder-selected PIN. All accounting and reporting functions must be able to handle this multiple-card-per-account requirement. The Bidder should describe its plan to accommodate this requirement.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.7.6 Non-Discrimination Statement

A statement of non-discrimination shall be printed on the card reverse and any brochure or other training materials provided with the card. The statement shall read as follows: “This is an equal opportunity program. If you believe you have been the victim of discrimination in your efforts to receive Government benefits because of your race, color, national origin, sex, disability, religious beliefs, or political beliefs, contact the FNS Administrator in Alexandria.” If space does not allow the full non-discrimination statement, the statement on the card reverse shall read, “The USDA is an equal opportunity provider and employer,” and the full non-discrimination statement shall be printed on the card sleeve.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.7.7 Card Design and Security Specifications

The State shall provide card and card sleeve design concepts to the Contractor. The State shall direct card and sleeve design, and the Contractor shall work with the State and shall submit card

and card sleeve design samples for selection and approval. Card and card sleeve samples shall be submitted to the State for approval whenever the card or card sleeve is redesigned or changed in any respect.

Card security features are designed to deter counterfeiting and the lifting of data from the magnetic stripe. Security features are also designed to verify recipient identity and to assist with investigations. The State recognizes that future advancements may result in the development of improved security features that could be incorporated into EBT cards (e.g. chip technology, biometrics). At this time, the State does not intend to incorporate biometrics such as photographs or fingerprints; however, the EBT system design must not preclude the addition of biometrics in the future.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.7.7.1 Card Face

The following features shall be included on the front of the EBT card:

- Four Color Printing: A four-color printing process shall be used for the card. Card design shall be based on State-supplied material.
- Hologram: A whole or partial EBT hologram shall appear on the front of the card
- Embossing: The cardholder's PAN shall be embossed on the card. At least three (3) characters of the PAN shall be embossed over the EBT hologram
- Fine Line Printing: The card shall contain microscopic print bordering the Quest mark. A manufacturer's alphanumeric identification shall be included as part of the fine line.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.7.7.2 Card Reverse

The following features shall be included on the reverse of the EBT card:

- Non-white Reverse: The card shall have a colored reverse.
- Signature Panel: The card shall contain a tamper-evident signature panel.
- Liability Language and Instructions: The card shall clearly state in English: Do Not Write PIN on Card. A toll-free number for reporting lost or stolen cards shall be printed on the card and on a separate card envelope or sleeve.
- Magnetic Tape: Hi-coercivity tape shall not be used.
- Statement of non-discrimination.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.8 Card Issuance and PIN Selection

A magnetic stripe EBT card will be issued to each recipient, AR, Protective Payee, and/or designated adult household member. In the event that there is more than one cardholder for an account, each card shall have a separate PAN and PIN. The State will use a combination of over-the-counter and mail based card issuance methods.

The State anticipates issuance of cards to applicants prior to final eligibility determination. Card issuance to applicants will normally occur when the applicant is present in the county office for the eligibility interview. This procedure will ensure compliance with federal timeliness requirements and eliminate the need for the applicant to return to the county office upon notice of approval.

PIN selection shall be done in person in county locations, except for homebound recipients without an AR, who will use the ARU for PIN selection. The State may elect to use the ARU PIN selection process for additional client populations at some point in the future.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.1 Conversion

For all counties, during conversion, the Contractor shall issue cards over-the-counter at county-designated locations (except for homebound recipients who shall receive a card in the mail and select a PIN through the CSC/ARU). During conversion, the Contractor shall mail a training package to each designated cardholder containing a prescheduled appointment to report to a card issuance location to receive his or her EBT card and select a PIN. Enclosed instructions shall inform recipients of the right to reschedule the appointment time and date in the event of emergency or other unavoidable scheduling conflict. (For additional information on training, refer to Section 6.9). At the time of card issuance, the recipient shall swipe the card through a PIN selection device to select a PIN and activate the card.

The county shall determine if card issuance activities will occur in the county offices or at an off-site location. If the county chooses not to use welfare department locations for card issuance, the county will secure appropriate site(s) for conversion activities. The Proposal shall specify the site requirements, including telecommunications requirements, for card issuance activities.

Working with the county, the Contractor shall develop a schedule for card issuance and PIN selection, designed to control the flow of individuals and track attendance. The contractor shall

provide the county with a report of those recipients who did not attend their scheduled appointment within three (3) days of the missed appointment. At the time of card issuance, the Contractor shall ensure that the individual receiving the card provides valid identification and signs for the receipt of the card.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.2 Ongoing Operations

County Option: After conversion, for card issuance for new cases, each county shall have the option to issue cards over-the-counter, or have the Contractor mail cards to recipients. The county may elect its card issuance method on a case-by-case basis. For example, the contractor may be required to mail cards for some or all cases in one district office, and the county will issue cards over-the-counter in another district office. Or, the county may choose mail-based card issuance overall, but choose to issue cards over-the-counter due to individual circumstances, or the converse.

For counties that choose the over-the-counter option, the Contractor shall equip designated card issuance locations with card stock, and all equipment necessary to perform over-the-counter card issuance and PIN selection. The Bidder shall propose card personalization equipment with performance and capacity specifications appropriate for the volume of cards anticipated for each county office that issues cards. The Bidder shall provide manufacturer's specifications for the card personalization equipment proposed. The Contractor shall provide, install and maintain all required equipment. Each county will determine the required number of card issuance locations.

Each county shall be responsible for site preparations at each location where card issuance and PIN selection equipment is to be installed. County responsibility shall include furniture, power and phone lines as may be required to support said equipment. The Proposal shall specify site requirements for each card issuance/PIN selection station. The Contractor shall be responsible for coordinating site preparations with each county.

For counties choosing mail-based card issuance, the Contractor shall mail cards to recipients along with instructions on how to activate the card and select a PIN. Cards shall be mailed daily, Monday through Saturday, using First Class postage. Cards shall be delivered to the postal facility no later than the next business day following the receipt of account setup information from the county.

For new cases, recipients shall be required to report to a designated county location to activate the card and select a PIN. The Contractor shall provide, install and maintain the equipment necessary to activate cards and select PINs in one or more locations in each county. Each county will determine the required number of locations.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.3 Expedited Issuance

The EBT system shall be able to provide same-day account set-up, benefit authorization and card issuance, in order to provide same-day access to benefits as may be required to meet program requirements.

For all counties, for expedited/immediate need cases, authorized county staff shall set-up an account and authorize benefits on-line using an administrative terminal or host-to-host interface. Card issuance and PIN selection shall also be done at a designated county location. As described above, the Contractor shall provide, install and maintain the required equipment to perform these functions in one or more locations in each county.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.4 Card Replacement

The Contractor shall handle reports of lost, stolen or inoperative cards through the 24-hour CSC. In the event that a recipient's card is reported lost, stolen, or inoperative through the CSC or through an administrative terminal transaction, the Contractor shall immediately deactivate the card. The recipient must receive a replacement card within three (3) business days of card deactivation. When an EBT card is replaced, the replacement card shall carry a new PAN. A PAN shall never be reissued. The Contractor shall maintain a log of cards reported lost, stolen, inoperative and card replacements. The log shall include date and time of call and reason for replacement, and method of replacement.

County Option: For issuance of replacement cards on existing cases, each county shall have the option to issue cards over-the-counter, or have the Contractor mail cards to recipients. The county may elect its card replacement method on a case-by-case basis.

For counties that choose the over-the-counter option, the Contractor shall supply designated card issuance locations with card stock, and shall provide, install and maintain all equipment necessary to perform over-the-counter card issuance and PIN selection. Each county will determine the required number of card issuance locations.

For counties choosing mail-based card issuance, the Contractor shall mail cards to recipients with instructions on how to activate the card. The Contractor shall be capable of mailing a replacement card with the existing PIN still in place, and allowing the recipient to activate the

card without visiting the local office. Alternately, the county may require the recipient to visit the CWD to select a new PIN and activate the card.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.4.1 Fees for Card Replacement

Replacement cards will be provided to cardholders, as needed, without the imposition of a fee. However, the State reserves the right to change this policy in the future, and to collect fees for replacement cards as allowed under FNS regulations. The Contractor's system shall be capable of deducting any card replacement fee directly from the food stamp or cash account.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.8.5 Homebound Recipients' Card Issuance and PIN Selection

The Contractor shall provide for PIN selection and/or PIN change through the CSC/ARU for homebound recipients not having an AR. The Contractor shall provide a secure method to authenticate the homebound recipient's identity prior to PIN selection. The State has a federally approved waiver to allow ARU PIN selection for homebound recipients.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.6 PIN Change

In the event that a cardholder's PIN is compromised, or a cardholder wishes to change the PIN for any other reason, the cardholder shall report to the designated county location to change the PIN. PIN changes shall not be allowed over the ARU, except in the case of homebound recipients without an AR. No restrictions shall be placed on the frequency of PIN changes by the cardholder.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.7 Inter-County Recipient Move

In the event that a recipient moves from one county and establishes eligibility in another, the recipient shall have a new EBT account established and shall receive a new EBT card. If there are benefits remaining in an EBT account from the county from which the recipient is moving, those benefits shall remain available to the recipient via the old EBT card. The old EBT account shall remain active until the benefits are consumed, or the account ages and benefits are expunged according to the requirements of this ITP.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.8 Card and PIN Management**6.8.8.1 Card Management**

The Contractor shall be responsible for card management, including returned card stock. Card management and control procedures shall be addressed in the EBT Security Plan and shall be provided to the State for review and approval. Refer to Section 6.15 regarding the EBT Security Plan.

The Contractor shall be liable for loss or misuse of cards or stock until cards or stock are received at the county-designated location. The Contractor shall mail only inactive card stock to county issuance locations, and shall propose security measures to ensure the integrity of card issuance at the county locations.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.8.2 PIN Management

The Contractor shall be responsible for PIN management. Consistent with Federal regulation, the Contractor shall ensure telecommunications network security and shall apply Data Encryption Standard (DES) algorithms to encrypt the PIN. PIN management documentation shall be described in the EBT Security Plan.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.8.8.3 Deactivation for Invalid PIN attempts

The Contractor shall limit unsuccessful PIN tries to three (3) consecutive attempts within a calendar day. Following the third unsuccessful PIN try, the Contractor shall deactivate the card until 12:00 midnight Pacific Time of the current business day. At midnight, the PIN count shall be reset to zero and the card reactivated.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.8.9 Card Information File

The Contractor shall maintain information on card status. The information must be available to specified State and county staff via administrative terminal inquiry. At a minimum, information should include:

- County/office
- Recipient name
- Account number
- Type of account(s)
- Number of replacements
- Reason for replacements
- Dates of replacements

Card information must be available for inquiry by case. For example, if three cards are attached to one case, there must be an inquiry path to find all cards attached to the case and then to find the details listed above for each card.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9 Training

For conversion the Contractor shall be responsible for training cardholders, retailers, and State and county staff. After conversion, the Contractor shall update the training materials on an ongoing basis as technology and needs change throughout the life of the contract. The Contractor shall provide ongoing training for retailers, while ongoing cardholder and administrative staff training will be the responsibility of the counties and/or State, using training materials provided by the Contractor.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.1 Cardholder Training

In lieu of in-person, hands-on training for all cardholders (including head of household, ARs, and other designated cardholders), the State has requested and received a waiver from FNS, allowing mail-based training. The Contractor shall mail printed EBT training materials to authorized benefit users. The mailing will include a prescheduled appointment to report to a location designated by the county to receive and activate the EBT card and select a PIN number (see Section 6.8, Card Issuance and PIN Selection,).

Face-to-face training shall be provided on an as-needed basis. During conversion, the Contractor shall make face-to-face training available, at the time of card issuance, to any recipient who requests it or who is identified as having special needs (e.g. visually impaired, illiterate, seriously ill, elderly, mentally/emotionally disabled). At the appointment for card issuance and PIN selection, any recipient requesting additional training shall have the opportunity to receive hands-on instruction using demonstration POS equipment.

The Contractor's staff/trainers must have good interpersonal, communication and presentation skills. They must present themselves professionally and exhibit competence with large groups. The Contractor shall provide evidence, such as resumes or certifications, that the proposed trainers have appropriate experience.

The Contractor shall develop and submit a Recipient Training Plan that describes the scope and content of recipient training materials and plans for meeting the face-to-face training needs as they arise.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.2 Cardholder Training Materials

The Contractor shall develop and produce all training materials for cardholders. The Contractor shall provide draft and final versions of all training materials to the State for review and approval. The State must approve all training materials, in all languages required, in advance of production. For conversion activities, the Contractor shall produce enough printed training materials for the anticipated conversion caseload plus 20 percent. The Contractor shall be responsible for distributing training materials to designated county card issuance locations. Separate training materials will be developed for FSP only and FSP plus cash.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.2.1 Language for Training Materials

All training materials (including pamphlets, wallet cards, posters, videos and any other materials proposed by the Bidder) shall be in easy-to-understand language at a sixth grade education or reading level. The Contractor shall translate and produce all materials in all languages required by the provisions of the Dymally-Alatorre Bilingual Services Act of 1973 (currently English and Spanish), and additional languages identified by the State. Required languages are English, Spanish, Cantonese, Vietnamese, Cambodian, Russian, Hmong, Armenian, Lao, and Farsi. Training materials shall be provided according to the requirements of the CWD office. Not all counties and not all district offices in any one county will have the same language requirements. Current language demographics by county are located in Appendix D.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.2.2 Training Pamphlet

The Contractor shall develop training pamphlet(s) suitable for mailing to recipients and over-the-counter distribution. At a minimum, training pamphlets shall cover the following topics:

- How to request hands-on training
- Inability to access benefits from failure to select PIN and activate card
- Use of the EBT card at POS locations
- Use of the EBT card at ATMs, if appropriate
- Transactions that may be processed at ATMs
- Transactions that may not be processed at ATMs
- Fees associated with ATM usage
- Use and safeguarding of the card and PIN
- Card replacement and PIN change procedures
- Manual FSP transaction procedures
- Benefit availability dates
- Use of the transaction receipt to track balances
- All EBT transaction fees which may be charged to the recipient
- Reporting problems with the card or its use
- Reporting a lost or stolen card
- Use of the ARU
- Customer services (including TDD services)
- Recipients' rights, liabilities and responsibilities for use of the EBT card and PIN
- Exposure to loss of benefits before reporting loss or theft of card
- Error reporting and resolution procedures

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.2.3 Wallet Cards

The Contractor shall provide wallet cards, for cardholders to use as a quick reference guide. The wallet card shall provide illustrative and text-based instructions on EBT topics such as transaction processing, customer service and ARU access, reporting of lost or stolen cards, and exposure to loss of benefits prior to reporting a card lost or stolen.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.2.4 Training Posters

The Contractor shall design, print and distribute posters informing recipients about EBT implementation and EBT functions. Posters shall be distributed to CWDs three (3) months prior to implementation for each rollout area.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.2.5 Training Video

The Contractor shall develop a training video for distribution to county offices or designated card issuance locations. The training video shall be no more than fifteen (15) minutes in length, shall run in a continuous loop for one (1) hour, and shall cover similar topics as listed above for training pamphlets. The training video shall be directed at the sixth grade education level and shall include closed captioning. The State shall review and approve the video script and video prior to production.

The Contractor shall provide copies in English and Spanish, and the other languages as specified in Section 6.9.2.1 as required to meet counties' training needs. Videos produced in the additional required languages may be dubbed. The Contractor is not required to re-film the entire video in the foreign language.

If necessary, due to system changes during the life of the contract, the Contractor shall provide new releases of the training video addressing new training information.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.2.6 Storage of Training Materials

All training materials shall be provided to the State in electronic media diskette, in a software version specified by CDSS. For ongoing training after conversion is complete, the Contractor shall provide camera-ready copies of all printed training materials to the State in sufficient quantities for distribution to the counties as needed.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.9.3 Retailer Training

Retailer training encompasses training retailers accepting EBT-only POS equipment, non-traditional FNS retailers (e.g., group living facilities, route vendors, farmers' markets), retailers driving their own terminals, as well as those participating only in cash EBT. The Contractor shall provide training materials for retailers in English and Spanish. The State must approve all training materials in advance of production. At a minimum, the training material shall include: instructions for installation and operation of EBT-only POS equipment, a video prepared by the Contractor, an overview of key points in retailer training (settlement, complaint process, problem resolution, liability issues), and manual transaction processes for FSP transactions. The Contractor shall provide a Retailer Operations Manual for distribution to all retailers participating in EBT.

For traditional retailers, training materials shall be mailed; additional support shall be provided through the toll-free customer service number. Face-to-face training shall be provided upon request of the retailer when other avenues have been exhausted.

For non-traditional POS operators such as group living facilities, route vendors, and farmers' markets the Contractor shall participate with the CWD in providing face-to-face training covering an overview of EBT, in addition to the training in terminal installation and operation to be provided to all retailers.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.9.4 State and County Staff Training

The Contractor shall provide training and training materials for State and county staff. The Contractor shall conduct the initial training prior to implementation in each county. After the initial training, ongoing training will be the responsibility of the county or State. The Contractor shall provide training for State and county staff when changes are made to the EBT system that affect State or county operations.

At a minimum, training shall cover

- All training materials provided to recipients
- Use of the administrative terminal
- System functions
- Card status
- County responsibilities
- Equipment usage
- Card issuance and PIN selection processes
- Contractor contacts and escalation procedures
- Security for equipment, cards and data
- Error resolution process
- Settlement and reconciliation
- Using and understanding reports
- Use of pseudo-households for investigative purposes

The Contractor shall train county staff who will have primary responsibility for EBT activities. This shall include instruction on the operation of the administrative terminals, card production equipment, PIN selection equipment, and any other equipment necessary for local EBT operations. Other State and county staff members will require general training overview as well as function-specific training associated with their specific areas of responsibility (e.g., fraud, system security, settlement and reconciliation, system performance, inventory control, etc.). Approximately 50 State employees will require EBT overview training. See Appendix K for estimated number of employees per county requiring EBT overview training. The number of employees requiring training is subject to change.

The Contractor shall conduct training on-site in each county, and in Sacramento for State staff. Alternately, the Bidder may propose a training approach that would have multiple counties trained concurrently, provided that it corresponds to actual implementation schedules, and no participant would have to drive more than one hour each direction to reach the training location. A multi-county training approach will only be adopted with State approval.

Staff training shall not occur more than one (1) month or less than one (1) week before rollout begins in an area. The Contractor's trainer shall also be on-site during the first week of rollout in any implementation area.

The Contractor shall develop and provide a Training Plan that describes the staff functions that will receive training and training curriculum, including training topics, methods, materials, timeframes, and mastery evaluation after completion. The Training Plan shall also describe training facility requirements, set up and equipment requirements, including computer and telecommunications connectivity requirements. The Training Plan shall describe if training will be computer-based, and if so, what equipment shall be used. The Training Plan shall also describe a train-the-trainer program for staff who will function as ongoing trainers of recipients and county staff after conversion.

The Contractor shall provide printed training materials in sufficient number to conduct initial training for all State and county staff. Camera-ready copies of these materials shall be provided to the State. These materials shall also be provided on electronic media in software designated by CDSS. Additionally, if the Contractor uses other materials for training, such as videos, copies of such training materials shall be provided to the State for use after implementation.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10 Acquirer Participation

A variety of retailers, third party processors and networks will participate in the EBT system as acquirers. It is the responsibility of the Contractor to recruit acquirers for participation in both the Food Stamp and cash programs. The Contractor is also responsible for deploying POS devices as required, managing acquirer agreements, and daily settlement with all acquirers. The Contractor shall also certify third party processors and retailers processing their own transactions to ensure that they can communicate with the EBT host system.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.1 Retailer, Third Party Processor and Network Agreements

The Contractor shall enter into an agreement with each acquirer participating in EBT. Such agreements shall be between the Contractor and the acquirer directly; State and county governments shall not be party to any acquirer agreements. The agreement shall describe the terms and conditions regarding equipment use and maintenance, operating procedures, and rules. At a minimum, the agreements shall require compliance with Federal FSP regulations and the Quest Operating Rules. The Contractor shall have specific agreements to address the unique terms and conditions for different types of acquirers (e.g., retailers accepting State-deployed POS terminals; retailers driving their own terminals; third party processors; regional network(s) offering EBT gateway access services to direct connect processors and ATM and POS acquirers, etc.). Agreements shall specify performance standards for acquirers, including the ability to disallow participation in the EBT system as a result of failure to meet performance standards, if such disqualification is approved by the State. FNS and the State must approve all acquirer agreements prior to implementation. Bidders shall submit sample agreements with their Proposals.

The Contractor shall maintain appropriate documentation, including contracts with acquirers. This documentation must be made available to the State at least annually, upon request.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.2 Third Party Processors

It is the State's intent to use the existing commercial transaction processing infrastructure to the maximum extent possible. Retailers who own or lease POS terminals or who purchase transaction processing services from a third party processor shall be provided with the opportunity to use that equipment and/or service to process EBT transactions. The Contractor is required by FNS regulations to provide retailers with the opportunity to use third party processors to participate in the EBT system, if they so choose. The requirements of 7 CFR 274.12 (h)(5) must be met by third party processors to be certified to participate in the EBT system.

The Contractor shall develop a written Third Party Processor and ATM Network Certification Plan to allow third party processors access to the EBT system. These written third party processor standards shall be submitted to the State within thirty (30) days of the contract effective date and will be reviewed and approved by the State. Interface and certification specifications for participation in EBT shall be made available to the State, all third party processors and retailers statewide at least four (4) months prior to Pilot Implementation. The Contractor shall complete certification of all third party processor systems and retailer-driven systems in a region, that have a signed retailer agreement in place, one (1) month prior to startup of EBT operation in that region. All acquirers wishing to participate in the California EBT system shall undergo certification, regardless of their participation as an acquirer in other EBT systems. The Third Party Processor and ATM Network Certification Plan shall describe in detail the proposed certification requirements, the certification process, and required testing for certification.

While the State does not intend to monitor all contracts or agreements between the Contractor and third party processors, in the event of a dispute, the Project Director must be notified and will serve to help mediate the problem. This does not preclude the Contractor from developing procedures for dispute resolution regarding all areas that could result in disputes. The Contractor shall provide dispute resolution procedures as part of the Third Party Processor and ATM Network Certification Plan.

Certification requires a contractual understanding between the Contractor and the third party processor for settlement and liability. The Contractor shall be responsible for performing a certification test for each third party processor requesting an interface with its EBT system. The test will ensure that every third party processor function, message, response, and error exception meets the third party processor standards set forth by the Contractor as well as all applicable Quest Operating Rules and FNS requirements. Additionally, the certification shall include, at a minimum, performance testing (throughput and stress), and a review of system security, PIN encryption, and disaster recovery plans. The Contractor shall establish a contractual understanding with third party processors requiring re-testing and certification for any significant

changes made by the Contractor or the third party processor to its software, and/or failure of the third party processor to perform according to performance standards.

The following information is provided to the Bidder as a guide for establishing agreements and interface requirements with third party processors.

- Third party processors must meet all third party interface specifications and certification standards. Third parties must undergo functional and acceptance tests as specified by the State.
- The Contractor shall provide a reasonable level of staff support and schedule test system availability so that certification is completed within thirty (30) days of written notification from a third party processor that it is ready to be certified.
- The Contractor shall inform the State in the event that it is unable to establish or maintain a working relationship with a third party processor.
- The third party processor is liable to the retailer for any losses that occur due to third party processor performance.
- Third party processors are responsible for the costs of third party processor system software changes required to meet the Contractor's interface requirements.
- Retailers are responsible for the costs of third party processor retailer terminal software changes.
- The Contractor shall absorb its own costs when certifying a third party processor.
- The State will not pay for POS equipment or telecommunication network cost utilized for both EBT and commercial transactions.
- The State will not pay switch fees charged by third party processors or networks for handling EBT transactions.
- The State will not be liable to the Contractor for third party processor errors.
- The Contractor may charge a reasonable and customary fee for de-installation of POS equipment the Contractor has installed on the State's behalf in a retailer/merchant site, should the retailer/merchant decide to use a third party processor and different POS devices.
- Cost of supplies for terminals used for both EBT and commercial transactions shall be borne by the owner of the terminals.
- Third party processors are responsible to retailers via help line support as a first step in resolving problems with transactions and disputes; however, the Contractor shall cooperate with the third party processor in resolving disputes and problematic transactions.
- The Contractor is responsible for providing the most accurate data to retailers regarding Automated Clearing House (ACH) deposit totals via Customer Service Center (CSC) support.

- The Contractor is responsible for providing EBT training information/materials, and training to retailer/third party processor trainers so that they can train their respective staff.
- Contractor shall ensure that third party processor automated systems cannot corrupt the EBT database through a computer virus.
- The Contractor shall certify all third party processors as meeting requirements set forth in 7 CFR 274.12 (h)(5).
- Third party processors shall not be certified unless they can perform the minimum transaction set needed for the FSP, and can issue receipts for FSP transactions with truncation of the card number.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.3 Food Stamp Retailer Management

The Contractor shall develop and maintain a database and database management system that is structured to ensure that accurate EBT transaction detail pertaining to each retailer is captured. The Contractor shall provide physical and logical security to the retailer management data and shall ensure the confidentiality of retailer data.

The Contractor shall ensure that only FNS-authorized retailers are accessing FSP benefits. The Contractor shall interface with the FNS Retailer EBT Data Exchange (REDE) system to obtain valid Food Stamp retailer authorization numbers, and shall maintain a mechanism for obtaining daily updates.

The Retailer EBT Data Exchange (REDE) Subsystem supports interoperability which allows a Food Stamp benefit recipient from one state's (or county's) program to make EBT purchases in another state (or county). Interoperability is supported through the notification of all EBT processors concerning changes in any FSP retailer's authorization status. The REDE Subsystem provides this data not only to the state and/or county EBT processors, but also to organizations that may provide gateway services to multiple EBT processors and/or to any other FNS-approved organizations. The data provided on each store authorized to accept FSP EBT transactions is limited to only that data which allows the basic identification of the store as an authorized retailer.

The Contractor shall ensure that new retailers are enabled to conduct Food Stamp transactions within two (2) weeks of communication of authorization by FNS if the Contractor acts as acquirer, or within thirty (30) days (or a mutually agreed upon timeframe) for retailers processing transactions through a third party.

The Contractor shall receive daily disqualification updates from FNS. Within two (2) business days of receipt from FNS, the Contractor shall incorporate any retailer disqualification or withdrawal information into its Food Stamp retailer management database.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.4 POS Terminal Deployment

6.10.4.1 Traditional FNS retailers

The Contractor shall ensure that FNS authorized retailers are equipped to participate in EBT. The Contractor shall consider that California has an existing POS infrastructure and many of California's food retailers are equipped for EFT and can accommodate EBT without a need for government supplied equipment. In such cases, the EBT system shall interface with existing devices. However, no FNS authorized retailer shall be required to use its own commercial EFT equipment for EBT.

There are FNS-authorized retailers whose primary language is not English. It is nonetheless the Contractor's responsibility to ensure that all FNS-authorized retailers are equipped and trained to participate in EBT. Language barriers do not excuse the Contractor from this requirement.

The Contractor must provide POS hardware to any FNS-authorized food retailers with Food Stamp redemptions of at least \$100 per month that do not have, or do not intend to use, their own POS terminals. POS terminals shall be provided based on the lane equipage formula described in Federal Regulation 7 CFR 274.12 (g)(4)(ii). At their own expense, those retailers with less than \$100 per month in Food Stamp redemptions may arrange to obtain the equipment necessary to participate in EBT. Those choosing not to acquire their own equipment will be allowed to participate in EBT using manual vouchers.

The Contractor shall order and maintain phone lines for retailers with EBT-only POS equipment deployed by the Contractor, if needed. A telephone line may be installed based on the following criteria: any supermarket with multi-lane coverage; or \$8,000 average food stamp sales per month for neighborhood grocery stores; or \$3,000 average food stamp sales per month for convenience stores.

The formula developed by FNS for terminal deployment in stores represents the maximum number of POS devices that the State will provide at no cost to the retailer. The retailer can request additional terminals to be installed at their own cost. The State will not provide balance inquiry only devices to retailers. Retailers may install such devices at their own cost, if they so choose. Bidders shall specify the cost for retailers to purchase or lease such additional equipment in Section 7, Pricing Proposal.

Federal regulations require that "The EBT system shall provide for minimal disruption of access to and service in retail stores by eligible households." 7 CFR 274.12 (e) (9). To ensure that recipients' normal shopping patterns are not disrupted, the Contractor shall be responsible for ensuring, at a minimum, that retailers within three (3) miles of the state border are equipped to participate in EBT. This could be achieved through connection with retailers driving their own terminals, deploying EBT-only POS devices, and/or providing interoperability with border states that are already operating EBT systems. Normal shopping patterns will be identified by each CWD, and may extend beyond three (3) miles of the border. In such cases, additional connections with retailers and/or POS deployment may be required. No EBT access to FSP benefits shall be permitted beyond the United States borders.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.4.2 Group Living Arrangements

Group living arrangement facilities may include federally subsidized housing for the elderly, drug and/or alcohol treatment rehabilitation centers, battered women shelters, foster family settings, and nonprofit shelters for homeless persons.

FSP benefits may be redeemed at group living facilities and homeless meal providers that are FNS authorized. This solution will require FNS authorization of group homes and homeless meal providers that may currently function as ARs. This provision does not preclude a group living facility from being named as an AR.

To support EBT usage in such facilities, the Contractor shall deploy a POS device to each FNS authorized group living facility or homeless meal provider that meets the \$100 minimum monthly redemption requirement. The terms and conditions for terminal deployment, technical standards and requirements, maintenance, and support of terminals at such locations shall be the same as for all other POS deployment. (See Section 6.10.5, POS Terminal Technical Standards)

At the group living facility, the recipient will use the EBT card at the POS to transfer the required amount of benefits to the facility. When the recipient leaves the group living facility, the facility will execute a transaction to return any portion of the monthly allotment to which the recipient is entitled, in accordance with federal and state regulations and the retailer agreement. A copy of the transaction receipt will be provided to the recipient and retained by the facility to document the transfer.

POS devices deployed to group living facilities may also be used to access cash benefits if the group living facility chooses to provide such a service.

Contractor shall provide face-to-face training opportunities for group living facility personnel beyond the minimal POS installation instructions to be provided to traditional retailers.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.4.3 Other Non-Traditional Retailers

Other non-traditional Food Stamp retailers, such as route vendors and Self-Help and Resource Exchange (SHARE) locations, will be accommodated through the manual voucher process. POS devices may be deployed to headquarters locations for such organizations for the purpose of electronically clearing manual vouchers. The terms and conditions for terminal deployment, technical standards and requirements, maintenance, and support of terminals at such locations shall be the same as for all other POS deployment. (See Section 6.10.5, POS Terminal Technical Standards.)

Farmers' markets in the state will be accommodated with manual vouchers or POS devices, depending on the volume of Food Stamp transactions and the particular circumstances of individual markets. The State is also seeking an alternative technology or innovative solutions for the accommodation of farmers' markets that conduct a large volume of Food Stamp transactions. Refer to Section 5.11, EBT System Innovation, and the information on California's farmers' markets in the Bidder's Library.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.4.4 Cash Access

The Contractor shall deploy additional POS terminals at locations other than FNS retailers, as determined by the State to be necessary to achieve reasonable access to cash benefits. The Contractor, in consultation with the State and county, shall propose locations for deployment of such terminals. A schedule must be approved by the State prior to installation of any cash access POS devices. The terms and conditions for terminal deployment, technical standards and requirements, maintenance, and support of terminals at such locations would be the same as for all other POS deployment. Refer to Section 5.10 for a discussion of cash access.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.5 POS Terminal Technical Standards

POS terminals provided by the Contractor shall accommodate both single lane and multilane stores. Terminals deployed through the Contractor shall meet the operational requirements of the EBT system and support the full EBT transaction set, including cash transactions. The only type of transaction that does not need to be supported on the EBT-only equipment is Store and Forward. The terminal must provide for visual verification of the transaction message before positive action is taken by the cardholder to release the message for authorization and settlement. All terminals deployed by the Contractor shall conform to the message format established in the Quest Operating Rules and shall contain a "print last receipt" function.

Proposed POS hardware (brand and model), software and technical capabilities shall be specified in the Bidder's Proposal. During any test phase, the Contractor shall provide examples of the types of POS terminals to be used in operation.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.6 Transaction Receipts

At the end of each transaction the POS terminal shall produce a dual copy receipt for each transaction regardless of whether or not the transaction was completed (e.g., communications error). One copy shall be for the recipient; one copy shall be for the retailer.

The POS terminal shall produce a receipt that displays the following information:

- Terminal ID
- Retailer's name and location
- Terminal-generated transaction sequence number
- Transaction date and time
- Recipient identifying number (i.e., last four digits of the PAN)
- Store clerk ID
- Transaction type
- Transaction amount
- Available balance
- Transaction result
- Error message

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.10.7 EBT-Only POS Terminal Support Services

For all POS terminals deployed by the Contractor, the Contractor shall provide installation

training and support, preventive maintenance, repair or replacement of faulty POS terminals, and supplies.

A Federal waiver has been granted permitting the shipment of POS devices with instructions for retailer installation. For those retailers that require assistance, a toll-free number shall be available, staffed by Contractor technicians knowledgeable about installation and testing of POS equipment. After telephone assistance has been provided, if a retailer continues to experience difficulty in installing and testing POS devices, a trained technician shall provide on-site assistance at no cost to the retailer. On-site assistance shall be provided within 24 hours of the retailer's request seven (7) days a week throughout the year.

The Contractor shall ensure that EBT-only POS equipment is maintained in working order. Equipment shall be replaced or repaired within 24 hours of receipt of a service request.

The Contractor shall ensure that POS supplies are available to retail stores equipped with EBT-only POS equipment. The Contractor may choose to allow a retailer to purchase supplies and provide credit to the retailer for those purchases.

A Federal waiver has also been granted to allow the Contractor to charge a retailer a reasonable cost to reinstall POS devices under certain circumstances, such as when a retailer has been disqualified due to a breach of the retailer agreement, or voluntarily withdraws from the EBT program and then later becomes re-certified or has been sanctioned by FNS. In such cases, the retailer, rather than the State, would be required to pay reinstallation costs.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.8 Manual Vouchers for Food Stamp Transactions

The Contractor shall provide a manual voucher process for merchants that do not have access to a POS device, such as retailers with less than \$100 in Food Stamp redemptions per month and non-traditional retailers such as farmers' markets and route vendors.

The manual voucher process shall also be used in the event that the retailer's system cannot communicate with the Contractor's system during a FSP transaction. This may occur when the PIN pad, card reader, or POS terminal fails, or there is a problem with an intermediate third party processor. In such instances, if the telephone lines are operational, the retailer shall call the Contractor's customer service number to receive an authorization number for the transaction and complete the transaction using a manual voucher process. The manual voucher will include, at a minimum, the amount of the transaction and the authorization number. The retailer will ask the recipient to sign the voucher, provide a copy to the recipient, and submit the original voucher to the Contractor for reimbursement. If telephone authorization was not obtained at the time of purchase, and the transaction is denied, the retailer is liable for the full transaction amount.

The retailer must submit the voucher to the Contractor within fifteen (15) days. If the Contractor has not received a paper voucher or an electronically converted voucher for an approved manual voucher transaction within fifteen (15) days, the transaction shall be flagged as expired, and the transaction amount shall be credited back to the recipient's account. In such cases, the retailer is liable for the amount of the transaction.

Manual vouchers may not be used to access cash benefit accounts.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.9 Off-line Transaction Floor Limit

In the event that the Contractor's system is unavailable, or the telephone lines are down, and the retailer needs to conduct a Food Stamp purchase or return transaction, the retailer may use a manual voucher without an authorization number. The retailer may conditionally approve transaction amounts not to exceed a \$40 floor limit at the Contractor's liability. The retailer is liable for the full transaction amount if the transaction exceeds the floor limit.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.10.10 Store and Forward

A retailer may electronically store and forward an FSP transaction provided that its equipment is capable of storing the cardholder's encrypted PIN. The EBT system shall be capable of accepting Store and Forward transactions from retailers' POS devices. Any such transactions conducted without prior authorization are conducted at the retailer's risk and liability. Resubmissions of these transactions are not permitted nor may they be carried over from month to month. Re-presentation of transactions is not permitted. Retailers are liable in the event of insufficient funds or incorrect PIN.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.10.11 Re-presentation

Though Federal Regulations allow representation in certain limited circumstances, re-presentation will not be allowed by the State, and shall not be part of the EBT system. The State reserves the right to allow re-presentation in the future if the State finds it necessary or desirable.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.10.12 Settlement and Processing Support

The Contractor shall establish a daily cutoff schedule for redemption and settlement, develop settlement procedures, and provide retailer settlement information via the CSC. See Section 6.12, Settlement and Reconciliation, for a full description of settlement activities.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.10.13 Signage

The Contractor shall develop standard format signage, in accordance with the provisions of the Quest Graphic Standards Manual, to indicate which stores and lanes accept California EBT transactions. The Contractor shall provide such signage to all merchants using EBT-only equipment, and other participating merchants upon request. Merchants desiring a custom format signage shall be responsible for the development and production of their own signage. Each merchant participating in the California EBT program shall display the Quest Mark in accordance with the provisions of the Quest Graphic Standards Manual.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.11 Customer Service**6.11.1 Customer Service Hours**

The Contractor shall provide a Customer Service Center (CSC) and Automated Response Unit (ARU) to provide responses to recipient and retailer questions. The ARU shall be available 24 hours per day, 7 days per week. Customer Service Representatives (CSR) shall staff the CSC and provide assistance beyond what is available through the ARU.

The State anticipates that the need for the full scope of customer services will be much less during late night and early morning hours (e.g. graveyard shift). Therefore, the Bidder may propose minimal customer service staffing during periods when call volume is least.

At a minimum, all recipients must be able to deactivate a lost or stolen card, and make a balance inquiry 24 hours per day, 7 days per week. All FNS-authorized retailers must be able to get authorization for a manual FSP transaction 24 hours per day, 7 days per week. These functions must be available to all recipients and retailers respectively, including those unable to use the ARU because they do not have a touch-tone phone.

In the Proposal, the Bidder shall describe its customer service staffing plan, and proposed staffing levels for the various shifts.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.2 Recipient Customer Service

The Contractor shall provide customer support to recipients via a toll-free telephone number available 24 hours per day, 7 days per week. The ARU will prompt the caller to indicate whether he/she is using a touch-tone telephone. If there is no response, the call shall automatically be transferred to a CSR.

The Contractor shall propose a process to control access to recipient information through the CSC through the use of a password or identifying information.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.2.1 Pay Telephones

Recipients shall be permitted to call the CSC from pay telephones. The Contractor is responsible for any pay telephone charges resulting from the 1997 Federal Communication Commission's regulations permitting pay telephone owners to charge long distance companies when toll-free calls are placed from pay telephones.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.11.2.2 Customer Service Languages

The ARU shall provide assistance in ten (10) languages: English, Spanish, Cantonese, Vietnamese, Cambodian, Russian, Hmong, Armenian, Lao, and Farsi. All ARU menu options shall be available in these ten (10) languages. At a minimum, recipients shall be able to report and deactivate a lost card, make a balance inquiry, and review the last ten (10) transactions via the ARU 24 hours per day, 7 days per week.

Additionally, operator assisted customer service shall be available in English and Spanish, as required by the Dymally-Alatorre Bilingual Services Act of 1973, and also in Cantonese, Vietnamese, Cambodian and Russian. Operator assisted customer service in Dymally-Alatorre languages shall be available 24-hours per day. Operator assisted customer service in the other languages shall be available, at a minimum, 7 a.m.- 9 p.m. Pacific Time, seven (7) days per week.

The languages currently required by the Dymally-Alatorre Act may change over time. The Contractor shall be required to meet the requirements of the Act.

In the response to this section, the Bidder should specify how it will meet these language requirements.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.2.3 Recipient Customer Service Functions

The CSC and/or ARU shall provide information and service on the functions described below. At a minimum, a recipient shall be able to conduct the following activities through the ARU 24 hours per day, 7 days per week.

- **Report a lost/stolen card** – Securely deactivate a card and/or freeze an account at the request of the head of household or cardholder.
- **Conduct a current balance inquiry** - "Real-time" account balance information by program.
- **Review transaction history** - Information about the last ten (10) transactions by program including the transaction amount and date.

Additional customer service functions available through the ARU or CSC shall include the following:

- **Inquire about account history** - Request a two-month statement of account history by program to be mailed to the head of household within two (2) business days.
- **Request a replacement card** – Information about benefit card replacement procedures.
- **Change PIN** – Information about PIN re-selection procedures.
- **Identify benefit access/service points** – Information about POS/ATM site locations.
- **Determine the number of remaining free cash withdrawal transactions**
- **Report unauthorized card use** – Information about reporting unauthorized card use.
- **Card activation and PIN selection for homebound recipients** – Homebound recipients shall be able to securely select a PIN and activate a card.
- **Speak to a Customer Service Representative** - Callers selecting this option will be transferred to a CSR for assistance.

The State must review and approve all ARU messages in all required languages before they

are used on the system. The Contractor shall not change ARU messages or menu functions without prior approval of the State.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.2.4 Error Resolution

The Contractor shall establish procedures for problem and error resolution, and CSRs shall be trained in such procedures. Error resolution procedures shall be based on industry standards for EFT. Error resolution and escalation procedures shall be provided to the State for approval prior to the beginning of the Pilot Implementation. The following guidelines represent minimum standards for recipient error resolution.

The CSR shall document recipient calls reporting an error or a discrepancy regarding a benefit amount or a transaction. The CSR shall record pertinent information about the recipient, nature of the complaint or discrepancy, and date and time of call, action taken, resolution, and date of resolution. The recipient shall be given a control number for tracking purposes. The county and State shall have access to such error resolution logs as needed.

The Contractor shall resolve errors as quickly as possible. The CSC shall initiate an investigation immediately upon report of an error. Within 24 hours, the Contractor shall either resolve the problem and, if appropriate, adjust the recipient's account balance or forward information regarding the discrepancy to the proper third parties for resolution (e.g., CWD, retailer, third party processor).

Where information is sent to a third party, the Contractor must resolve the issue within ten (10) business days of the initial report with an adjustment to the recipient's account, if appropriate, or a denial with reason.

When an error resolution is denied, the Contractor must notify the county within two (2) business days of the finding, including the reason the Contractor found no error. The county will then take appropriate action as required by regulations to notify the recipient.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.3 Retailer Customer Service

The Contractor shall provide customer support to retailers via a toll-free telephone number available 24 hours per day, 7 days per week. Customer service for retailers shall be provided in English and Spanish. The number for the retailer ARU and CSC shall be different than the recipient customer service number.

If a retailer experiences a problem with transaction processing and the retailer uses a third party processor and does not have an agreement directly with the Contractor, the retailer shall contact its third party processor first to resolve the problem. If the problem is determined to be with the Contractor then the retailer shall contact the Contractor via the toll-free customer service number.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.3.1 Retailer Customer Service Functions

Retailer customer service shall be available for manual transaction authorization; settlement information and support; general problem resolution; and POS terminal service. The Contractor shall establish procedures for problem and error resolution, and CSRs shall be trained in such procedures. Acquirer error resolution procedures shall conform to EFT industry standards and Quest Operating Rules. Escalation procedures for retailer calls shall be provided to the State prior to the onset of Pilot Operations.

At a minimum, the retailer CSC shall provide the following services:

- Provide authorization numbers for manual vouchers
- Track vouchers
- Track the number of vouchers returned or unpaid and reason returned or unpaid
- Collect information to provide a report detailing terminal problems
- Track the number of dispatches (terminals replaced or repaired)
- Track the number of trouble tickets, repair orders, and open or closed work orders
- Track orders pending resolution from prior months
- Track closed reports with explanation of problem and resolution
- Provide settlement and reconciliation information and problem resolution

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.4 Recipient and Retailer CSC Performance Standards

The Contractor shall ensure, through technical design, resource allocation, and staffing that all calls to the CSC(s) are answered and attended in a manner consistent with industry standards for customer service. Customer Service Centers shall have sufficient capacity to manage expected call volumes during start-up and ongoing operations. The Bidder shall propose how large call volumes during implementation and during ongoing peak usage periods (e.g., the first three (3) days of each month) will be accommodated.

Performance standards shall include number of rings prior to answer, average time on hold, percent of calls experiencing a busy signal, and dropped calls, measured on a monthly basis. At a minimum, the Bidder's response should present a plan where

- Ninety-five percent (95%) of all calls are answered within four (4) rings
- Time on hold waiting for a CSR shall be less than one (1) minute for ninety percent (90%) of calls, and less than two (2) minutes for ninety-nine (99%) of calls
- No more than three percent (3%) of calls shall be dropped from the ARU
- No more than five percent (5%) of calls shall experience a busy signal (contractor is required to track and report on this number)

If Bidders proposes to meet more rigorous standards, they should specify those standards.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.4.1 Performance Monitoring and Reporting

The Contractor shall ensure that the recipient and retailer customer service lines meet required performance standards on a monthly basis. To monitor performance the Contractor shall provide to the State a monthly report of customer service statistics for each processing day. In addition, the State requires performance reporting on an hourly basis for the monthly benefit issuance cycle (initially this will be the first ten (10) days of each month, but this may change based upon actual experience). Daily performance reporting is required during any rollout period.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.4.2 Customer Service Center Audit

The State reserves the right to monitor both CSR performance and error resolution findings. State monitoring may include periodic on-site observation of CSR calls, and audit of error resolution records. The State also reserves the right to make test calls whereby State personnel

call the toll free number posing as a cardholder. The Contractor shall make records and facilities available on three (3) days advance notice. The Contractor shall provide headset(s) or comparable means of monitoring CSR/cardholder interaction on a random basis. The Contractor shall also allow the monitor to observe logging and tracking of disputes resulting from the calls being monitored.

On a least a quarterly basis, and at the sole discretion of the State, the Project Director or designee may perform an audit to include:

- A statistically significant random sample of disputes for compliance with: time requirements for response and resolution; detail and quality of narrative and evidence obtained, including an assessment of evidence collection appropriate to the dispute; and accuracy of findings and decision.
- Random monitoring of CSR calls for a four-hour period, to include: technical knowledge, courtesy, follow-up, accuracy and thoroughness of documentation, and utilization of tools and resources available to serve cardholders.

The State monitor shall prepare a report of the audit and conduct an exit interview with the Customer Service Manager. In the event the monitor finds deficiencies that, in the opinion of the State are of a serious and systemic nature, the Contractor shall implement corrective action in accordance with State expectations. The State shall conduct a follow-up audit thirty (30) days following the initial report of deficiencies. If the State continues to note deficiencies, the Contractor may be subject to liquidated damages.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.5 Customer Service Reporting

The EBT system shall collect customer service line activity information and provide a call status report by reason. The report, to be provided to the State and counties, shall note for each call received, the caller, the purpose of the call, and a summary of the help provided.

The Contractor shall also provide a recipient and retailer problem trend report. This report shall be used for tracking and management control. The report shall summarize the problem and its resolution. Customer service monitoring report formats and escalation procedures shall be provided to the State prior to the onset of operations.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.6 Customer Service Representative (CSR) Training

The Contractor shall ensure that all CSRs are trained in appropriate EBT policy and escalation procedures. CSRs shall be knowledgeable about county-specific card replacement and PIN selection procedures. The CSRs shall also be trained in retailer related EBT policies and escalation procedures.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.11.7 County and State Technical Help Desk

The Contractor shall maintain and staff a Help Desk available for county and State staff 24 hours per day, 7 days per week. The Help Desk shall be available for the purpose of resolving production problems, locating files and transmissions, and procedural problem resolution.

The Contractor shall provide a sufficient level of Help Desk equipment and personnel so that, when a State or county staff person places a call to the Help Desk, the staff person will wait no longer than an average of two (2) minutes (calculated weekly) before the caller is put in direct contact with the Help Desk Operator and the Help Desk procedures are begun without further interruption. The Help Desk system shall record, at a minimum, the following data: time that a call entered the Help Desk queue; total time on hold; average hold time for callers; number of abandoned calls. All Help Desk data listed above shall be reported on a monthly basis.

The Bidder shall describe planned staffing levels for various times of the day/week, as well as system skill levels of attendants.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12 Settlement and Reconciliation

Settlement is the means by which the Contractor ensures reimbursement to retailers for the prior 24-hour processing period. Reconciliation is the means by which the Contractor provides the counties and the State with their daily financial position and validates settlement. Daily settlement and reconciliation activities shall be performed with one hundred percent (100%) accuracy.

For FSP and cash programs, the Contractor shall initiate settlement payments to retailers and financial institutions through either ACH transfers or Federal Reserve Wire transfers each settlement day. This shall be performed to ensure receipt of settlement payments by the retailers

and financial institutions the next business day.

The Contractor shall accommodate the procedures required above to provide daily cutoff, determine financial position, and perform settlement, and reconciliation activities. Other responsibilities include:

- Ensuring file format, transmission protocols, and settlement windows correspond to prevailing EFT standards established between retailers, financial institutions, and networks
- Verifying electronic transactions flowing to or, in some circumstances, from participating EBT service provider financial accounts
- Creating and maintaining a file containing individual records of EBT transactions
- Totaling all credits accumulated by each financial institution and retailer
- Providing balance information to retailers for store terminal totals from individual POS terminals as appropriate
- Providing each retailer or their designated third party processor and ATM networks with information on their net position in the system on a daily basis
- Accepting liability for errors in the creation or transmission of the ACH tape
- Complying with new Federal, State or county settlement procedures issued during the life of the contract.

All financial report contents and formats shall be provided to the State and counties for review and approval before EBT operations. All financial and settlement reports shall be made available via an on-line terminal system connected directly to the EBT Host system. As necessary, State offices, CWDs, and county financial offices (e.g., Treasurers, Auditors/Controllers) shall have administrative terminals available to access (download and print capabilities) daily financial information, settlement summaries and detail reports.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.1 Food Stamp Settlement

6.12.1.1 Program Funding

FSP benefits are not funded until a recipient transaction is settled. Benefit amounts for which the recipient is eligible will be authorized by a benefit authorization file or a benefit authorization record transmitted by CWDs to the Contractor. FSP benefits credited to the food stamp account represent credit balances only; no funds will be transferred when benefits are authorized. On the day the recipient accesses benefits, the Contractor shall initiate a draw of Federal funds sufficient

to settle the recipient FSP purchase. Day of draw FSP transactions will be settled on the next settlement day following the transaction day.

Bidders shall propose methods to separately reconcile the State Funded FSP and federally funded FSP.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.1.2 Federal Settlement

The Federal Reserve Bank of Richmond shall act as the Account Management Agent (AMA) for the FNS Food Stamp Program EBT benefits account. The AMA shall interface with the ASAP system.

The Contractor shall interface with the AMA and provide data necessary for funds projection and FSP reconciliation.

The transmission of issuance and returned benefit data elements and retail credit summary totals shall be accomplished via batch files to the AMA.

County authorized benefit amounts reported on the monthly FNS 46 report must reconcile to the benefit authorizations entered by the Contractor into the AMA. To support the reconciliation process, the Contractor shall not post benefit authorizations to the AMA prior to the first day of the month in which benefits will be available to clients. For example, October benefits shall not be posted to the AMA prior to October 1.

For the FSP, the Contractor's concentrator bank shall be reimbursed for ACH outlays made to retailers and other entities through an ASAP request initiated by the Contractor. The Contractor shall originate a payment request through the ASAP system prior to 11:59 p.m. Eastern Time. The funds will be transferred to the concentrator bank through ACH settlement. Federal funds may not be drawn to cover unauthorized issuance or transactions in excess of recipient account balances. ASAP and FNS data requirements are located in the Bidders' Library.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.2 Cash Program Settlement**6.12.2.1 Program Funding**

For cash benefits, funds will not transfer until the recipient accesses the benefits and settlement occurs. A benefit authorization file or a benefit authorization record transmitted by the CWD to the Contractor shall authorize benefit amounts for which the recipient is eligible. These benefits represent credit balances only; no funds will be transferred when benefits are authorized. When a recipient transaction is settled, the Contractor shall initiate action to effect a transfer of county funds sufficient to reimburse the recipient draw. Day of draw transactions shall be settled on the next business day following the day of draw.

The Contractor's concentrator bank initiates an ACH debit to each county's financial institution so that the concentrator bank is reimbursed for ACH outlays made to retailers and other acquirers.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.2.2 County Settlement

The CWD shall provide monthly data at the beginning of each month to the county auditor/controller for approval, and shall update files throughout the month. This shall constitute prior approval of benefit payments to be made throughout the month.

The Contractor shall provide daily summary benefit and financial settlement information to each county treasurer for the prior day's processing activity no later than 5:00 A.M. Pacific Time. This settlement information will be utilized by participating county treasurers' offices to monitor and/or initiate a daily funds transfer for settlement purposes. The Contractor supplied financial, settlement and benefit information shall include daily total settlement payments by program category

The Contractor shall provide daily detailed settlement totals and reconciliation data to each participating county auditor/controller's office for cash programs. This information will be used to perform post activity audits as directed by the county auditor/controller.

The Contractor shall be capable of providing daily settlement data to counties via an administrative terminal, other electronic means and printed report. Each county will select one or more of the methods for receipt of information transmitted to the offices of the CWD, auditor/controller and treasurer.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.3 Maintain General Ledger Accounts

The Contractor shall maintain ledger accounts at the recipient, program, State and county office levels. Following cutoff, the EBT system shall be balanced and reconciled. The Contractor shall compute the end-of-day net position or balance for each general ledger account. For each account, the end-of-day net position is equal to:

Opening balance + credits – debits = End-of-day balance

The Contractor shall balance the EBT system as a whole to ensure that the change in the net position in the sum of recipients' accounts balances to the change in the net position of program accounts and that the change in the net position in the sum of the program accounts balances to the change in the net position (obligations outstanding) for the State and counties.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.4 Reconciliation

The Contractor shall meet FSP reconciliation requirements of 7 CFR 274.12(j). The Contractor shall use the FSP reconciliation requirements to perform reconciliation for all benefit programs. At a minimum, a Contractor shall propose procedures for reconciling:

- Recipient account daily beginning balance and net draws versus the ending balance
- Recipient net redemption versus acquirer settlement values
- Total funds entering, exiting, and remaining in the system each day
- Total net change in system-wide obligations outstanding to the sum of the net change in obligations outstanding for the State and counties
- The net settlement value of all transactions to the sum of the net settlement values for all benefit programs
- The net settlement value of all transactions to the sum of the net settlement values for all county offices.

The Contractor shall use the information generated during system cutoff and balance processing to prepare the daily settlement files. The Contractor shall specify procedures for maintaining audit trails throughout the settlement process.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.5 Commercial Settlement

The Contractor's concentrator bank shall be a federally insured financial institution. To effect commercial settlement via the ACH, the Contractor shall have an originating and receiving relationship with the ACH. For purpose of clearing through the ACH, the Contractor shall maintain a Federal Reserve Bank clearing account. For transaction processing and settlement purposes, the Contractor shall be a member of the prevailing regional network(s) and /or national networks and be capable of settling both ATM and POS transactions.

The benefit crediting process in the EBT system shall be accomplished through an electronic transfer of funds to financial institutions. The Contractor shall be able to credit financial institutions that do not accept ACH transmissions.

All EBT service providers, including retailers, cash-only POS and ATM networks shall be allowed to select their own cutoff times for their business day. If the cutoff time selected does not allow for all transactions to be settled on the just-closed EBT processing day, then those transactions occurring after the EBT processor's cutoff time will be settled the next business day.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.5.1 Contractor Originated Settlement

For retailers, third parties, or other service providers that are directly connected to the EBT Host, the Contractor shall originate an ACH credit for the total balance due for EBT benefits provided during the just closed EBT processing day. The benefit provider credits shall be entered into the ACH for settlement on the next settlement day.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.5.2 Network Settlement

Credits due EBT service providers connected to the Contractor through a regional or national network shall settle utilizing standard commercial practices.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.5.3 Inter-Processor Settlement

In some instances, the Contractor may experience significant crossover traffic between its EBT recipients and EBT recipients whose benefits are processed through another contractor. At their discretion, the Contractor may enter into an agreement for direct interchange to minimize switching fees. Any agreements for direct interchange shall include provisions for transaction settlement and reconciliation.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.6 Administrative Terminal Support for Settlement Information

The Contractor shall provide an administrative terminal to allow the State to access information regarding the State's daily settlement positions. Settlement information shall be categorized by program. Settlement information shall be provided for the three (3) preceding settlement days. Settlement information shall be available no later than 5:00 A.M., Pacific Time on the settlement day. Bidders may propose other approaches to providing State and county agencies access to settlement information.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.7 Adjustments

The Contractor shall make available a mechanism that will enable a retailer or financial institution to initiate an adjustment to correct an out-of-balance condition or system error identified during the reconciliation process. The adjustment process shall reference the original settled transaction to be adjusted. The Contractor shall immediately notify the county of the accounts affected. An audit trail of the actions taken on a given transaction shall be maintained.

The Contractor shall make available to each processor attached to its system, data files that enable that processor to reconcile each day's settlement. Reconciliation and adjustment data between the Contractor and all processors involved in the State's EBT system shall be made available to each county and the State upon their request.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.12.8 FNS Minneapolis Computer Support Center Transmission

The Contractor shall transfer ACH data containing daily redemption activity of each retailer to the FNS Minneapolis Computer Support Center at least once a week.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.13 Reporting

The Contractor shall accommodate the informational needs of the State, counties and FNS. This information shall be provided electronically (via administrative terminals or batch files) or through other media that is mutually agreed upon. The Contractor will provide the capability for most reports to be available on-line. The Contractor may also explore alternative methods such as Internet access.

The Contractor shall provide report training and report manuals for State and county staff prior to EBT operations.

The reporting system shall produce information at the program, local office, and county summary levels. Settlement and reconciliation reports shall be consolidated at the State level by program. The Contractor will be responsible for distributing appropriate daily, weekly and monthly reports to the State, counties and FNS. The distribution of the reports shall be in an electronic format, but the method for distribution of reports will be negotiated between the State and Contractor during system design/development activities.

The Contractor shall provide to each county a daily transaction history file of all transactions resulting in account activity for reconciliation, audit, and investigative purposes. Also, the Contractor shall produce a monthly statewide transaction history file for submission to the State. File contents will be defined and agreed to by the Contractor and State during System Design. The file structure will be produced in a standardized format that will allow the State and counties to manipulate data with ad hoc tools.

General categories of State reports have been identified and are described below. Specific data elements and formats for required reports, and frequency and schedule for reports, and report recipients shall be defined during the design phase. Additional reports may be identified and required at that time. All proposed reports shall be submitted to the State for review and approval during the Design Phase.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.13.1 Project Management Reports

Project Management reporting requirements are described in Section 5.12 of this ITP, Project Management Standards and Practices, and Section 4 of the Contract, Project Management.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.2 Financial Audit Reports

Financial audit reports are those reports needed by the State in order to account, reconcile and balance, and audit the EBT system processing and operations.

6.13.2.1 Account Activity Reports

The Contractor shall provide daily account activity reports reflecting all account actions received from the State and/or counties via batch and/or on-line during an EBT processing day, or taken on behalf of the State by the EBT Contractor (i.e., account expungements or food stamp conversions). The reports shall provide detail on every transaction that impacts an EBT account balance or account status. The reports shall show the amount of the transaction (i.e., account action), type of transaction, date and time of transaction, and who originated the transaction (batch or on-line).

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.2.2 Terminal Activity Reports

The Contractor shall provide daily terminal activity reports that show all transactions that will result in funds being moved (i.e., settled) to a retailer, third party processor, or ATM network. The report shall list at a minimum the transaction type, amount, transaction date and type, settlement date, merchant and terminal identifier, and benefits impacted. The report shall provide settlement totals for each entity for which funds will be moved, as well as totals, if any, for transactions that will not be settled until the next processing day.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.2.3 Clearing Report

This report shall provide at a summary level, both by individual counties and at a state level, the total funds that are being settled for the processing day by program type (i.e., cash and food stamps), and require funding. This report shall balance to the totals from the terminal activity reports.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.2.4 Database Value Report

This report shall provide at a county level the value of the outstanding liability for unused benefits residing on the EBT system at the end of the processing day. Totals shall be maintained by benefit type, and roll-up to program type. State totals shall be reported by program type. The ending balance for the previous day shall become the beginning balance for the current processing day. The ending balance for the current processing day shall be reconciled by taking into account the beginning balance for the processing day (which is the ending balance from the previous day) and adding or subtracting as appropriate the account activity detailed from both the Terminal Activity and Account Activity Reports.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3 Support Reports

Support reports are those reports used by the counties and/or State to control and account for activity taking place on the EBT system, such as card issuance, but are not specifically used in the financial settlement and reconciliation process.

6.13.3.1 Batch Processing Reports

The Contractor shall propose a standard set of batch processing reports to be used by the Contractor, the counties, and the State to ensure the complete and accurate transfer of data during nightly batch processing. The reports shall include a Summary Report by file transmission that provides a confirmation for the processing of the batch file(s). The Summary Report shall contain summary verification data, including the total number of records received in the batch and the number of records by record type (e.g., number of add, change, and delete records). The report shall contain a summary of the processing of the transmission (i.e., number of records accepted and number of records rejected).

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.2 Batch Exception Reports

The Contractor shall provide a batch exception report for all batch files received by the State. Batch exception reports will contain a listing of all records received within a batch which were not processed by the Contractor. Each record included on the exception report will have a corresponding reason code indicating the cause of the rejection. In particular, duplicate case exceptions shall be clearly identified.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.3 Administrative Terminal Benefit Authorization Report

The Contractor shall provide a report of all benefit authorizations that are added to the EBT system through the administrative terminal functionality. This audit report shall include at a minimum the benefit amount, benefit type, and the User ID of the administrative terminal operator adding the benefit.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.4 Administrative Action Reports

The Contractor shall provide to the counties a daily Administrative Action Report that lists all administrative actions attempted and completed either by the system or users logged onto the EBT system. The Report shall identify who initiated the action, the transaction type and the EBT account affected. Administrative actions include changes to recipient, case, or account data (e.g., recipient name or address), account closure, benefit expungements, and food stamp conversions.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.5 Merchant Voucher Report

The Contractor shall provide a daily report by county of all voice authorizations of food stamp transactions performed by retailers. The Report shall contain at a minimum the merchant name and FNS number, the transaction amount and type, the date and time, the cardholder performing the transactions, and whether the merchant is a traditional or non-traditional merchant.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.6 Monthly Out-of-County Activity Reports

The Contractor shall provide a monthly report by county of all client transactions occurring outside of the authorizing county. This shall include a report of transactions occurring within California but outside the authorizing county, and a separate report detailing transactions occurring outside of the State of California..

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.7 Benefit Aging Reports

The Contractor shall provide to counties a report of clients who have not accessed their benefits for the last 30, 60, and 90 days. The Contractor shall clearly identify the aging category the EBT account is falling under (i.e., 30, 60, 90 days), and shall have page breaks by caseworker within local office.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.8 Stale Account Reactivation Report

The Contractor shall provide to the counties a daily electronic Stale Account Reactivation Report that identifies the stale accounts reactivated during the previous business day.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.9 Card Issuance/Re-issuance Reports

The EBT Contractor shall provide audit and statistical reports of cards being issued and/or reissued to clients. Audit reports shall provide detail data by card issued, such as reason for issuance (i.e., initial issuance or replacement for lost/stolen card), and how the card was issued (i.e., over the counter, mail, etc.). Statistical reports shall provide data needed to manage the EBT program, such as the card reissue rate, the reasons for re-issuance, etc. The Contractor should suggest the statistical reports that will best help the State and counties manage the card issuance process.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.3.10 Transaction Denial Summary Reports

The EBT Contractor shall provide a monthly statistical report by county with a roll-up for the State that provides the number and percentage of client transactions denied, and the reason for the denials (i.e., non-sufficient funds, invalid PIN, etc.)

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.4 Administrative Terminal Security Reports

Administrative Terminal Security Reports are those reports that identify the users of the EBT Administrative Terminal functionality, the access provided these users, as well as an audit trail of the transactions performed by the users.

6.13.4.1 Access Definition Report

The Contractor shall provide to each county a report detailing each authorized administrative terminal user with the ability to access the county EBT data. The report shall also detail the level of access afforded the user through the EBT administrative terminal.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.4.2 Failed Logon Report

The Contractor shall provide to each county a daily report of users failing in their attempt to logon to the EBT system.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.4.3 User Session Activity Report

The Contractor shall provide an audit report by User ID of all actions taken by the user on the EBT system from the EBT administrative terminal.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.5 Fraud Reports

The Contractor shall provide a set of fraud reports that will help the State and counties detect fraud and manage fraud investigation activities for all benefit programs included in the EBT system. In addition to the reports identified below, the Bidder shall recommend other fraud reports that it anticipates the State and/or counties would find valuable.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.5.1 Surveillance Reports

The Contractor shall provide the State and counties with reports that will assist fraud

investigators in detecting fraudulent activities by recipients and/or retailers. At a minimum, the Contractor shall provide reports on

- Excessive large dollar Food Stamp transactions
- Multiple transactions in same day
- Transactions with common dollar amounts
- Transaction combination (e.g., balance inquiry/purchase)
- Manual card entry
- Rapid and/or repeated transaction count
- Excessive number of manual vouchers
- After hours transactions
- Transactions against invalid cards
- Excessive number of card replacements per account
- Redemption of entire benefit in one transaction

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.5.2 County Employee Monitoring Reports

The Contractor shall provide reports to assist in the monitoring of employee activities and the detection and prevention of internal fraud. At a minimum, these reports shall include

- Caseworker deviation from expected amounts (thresholds set through parameters and shall be flexible)
- Excessive number of adjustments by caseworker
- Increased rate of account setup
- Excessive number of cards issued
- Issuing above average benefit amounts
- Multiple benefits issued to households at same address

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.6 Statistical Reports

Statistical Reports are those reports that assist with the management of the EBT system. The Contractor shall also suggest, in addition to the reports detailed below, other statistical reports that will help with the management of the EBT system.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.6.1 Monthly Utilization Reports

The Contractor shall provide to each county a report detailing the number and type of transactions performed from each EBT only terminal provided to food stamp retailers.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.6.2 Network Statistics Report

The Contractor shall provide a monthly report providing a summary of transactions by time of day and day of month. The purpose of the report is to show the peak processing time for the EBT system.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.6.3 Management Statistics Report

The Contractor shall provide a monthly summary report of transaction activity on the EBT system at a county and state level. Statistics provided should include at a minimum benefits authorized for the previous month, transactions performed by transaction type (i.e., food stamp purchases, cash purchases, cash withdrawals), the number of active cases on the system, number of active cards on the system, and the number of cards issued during the month.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.7 System Performance Reports

The EBT system shall meet or exceed the standards, requirements and definitions specified in 7 CFR 274.12, et seq., and specified in this ITP. System performance encompasses the transaction processing platform, as well as the ARU and CSC. The Contractor shall provide reports to the State and counties detailing the performance of the EBT system.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.7.1 EBT System Processing Performance

The Contractor shall provide to the State and each county processing reports that detail the performance of the EBT system (including acquirers and third party processors) over the last month. Specifically the reports shall detail the performance of the system as against the following processing requirements:

- EBT central computer shall be available 99.9 % of scheduled up-time.
- The total system, including central computer, any network, intermediate facilities, or processor, shall be available 98% of scheduled up-time. The Contractor shall obtain performance data from third party processors in order to compile total system statistics.
- The host computer shall permit no more than two (2) inaccurate transactions per 10,000 transactions processed.
- Benefit authorizations to EBT accounts and ACH settlement shall occur accurately and on schedule 100% of the time.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.7.2 ARU Performance

The Contractor shall report on the performance of the ARU for both recipient and retailer customer service. The Contractor shall work with its telecommunications provider to report on the number of calls experiencing a busy signal that fail to actually reach the ARU. The reports shall detail the ARU performance against the following requirements:

- 95% of calls to ARU answered within four (4) rings;
- Time on hold during peak hours no longer than one (1) minute,
- Dropped calls less than 3%
- Calls experiencing busy signal less than 10%.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.8 Customer Service Reports

The Contractor shall report on the effectiveness of the customer service functions for both the recipient customer service and retailer customer service. Statistics for both the ARU and CSRs shall be reported. The EBT Contractor shall deliver the following reports:

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.8.1 Monthly Recipient Help Desk Statistics

This monthly report shall provide summary of the number of calls received on the recipient

hotline by reason (hotcard, balance inquiry, transaction history, etc.) for both ARU and CSR. The Contractor shall also report on the number of dispute calls, the reasons for disputes, resolution, and the length of time for resolution. Daily statistics regarding the help desk performance (i.e., number of calls, number of rings before answered, number of abandoned calls, number of busy signals received) shall be collected and reported. Statistics regarding language selected for both ARU and CSR shall be provided.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.13.8.2 Monthly Retailer Help Desk Statistics

This monthly report shall provide summary of the number of calls received on the retailer hotline by reason (food stamp voice authorization, terminal problems, settlement questions, etc.) for both ARU and CSR. Statistics regarding retailer help tickets, including number of tickets opened, tickets closed, and reason for ticket, shall be provided. Daily statistics regarding the help desk performance (i.e., number of calls, number of rings before answered, number of abandoned calls, number of busy signals received) shall be collected and reported

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.14 Program Integrity

The Contractor shall support the requirements of Federal, State, and county agencies responsible for ensuring the integrity and proper use of benefits to be distributed by the EBT system.

The Contractor shall interface with the FNS Anti-Fraud Locator using EBT Retailer Transactions (ALERT) system. The Contractor shall provide monthly FSP redemption data in the file format specified by FNS (See Appendix G).

The Contractor shall advise, assist, and appropriately act to aid Federal, State, and county agencies in the detection and investigation of misuse by retailers, recipients, or State/county employees.

Recipients and retailers authorized by FNS to accept FSP benefits may become subject to monitoring and investigations by the USDA, Office of Inspector General (OIG), Internal Revenue Service (IRS), Secret Service, local law enforcement agencies and State and county welfare fraud bureaus. Information access shall be restricted so that no investigation is compromised. The Contractor shall cooperate with Federal, State and county agencies in these investigations by providing the following investigative assistance to investigators:

- Provide training for investigators using pseudo-households
- Provide administrative terminals to designated State and county offices for investigative

use

- Provide training for investigators on administrative terminal usage
- Accommodate and assist county investigative offices with technical interface requirements
- Assist county investigators with Chain of Evidence procedures
- Retrieve original manual vouchers for investigation purposes
- Provide access to original and summary documentation reflecting benefit and redemption activity. This shall be provided throughout the EBT system upon demand.
- Document the transaction path between an identified recipient and/or retailer and the EBT Host. This shall include transactions routed through third party processors.
- Serve as an expert witness on the EBT system in a court of law and provide testimony in support of investigations of fraudulent activity in relation to the system.

The Contractor shall generate required fraud reports on a schedule to be defined by the State. The Contractor shall work with the county investigators on the design, parameters, sort criteria, and production schedule for these reports. The Contractor shall provide Federal, State and county offices with on-line access to recipient and retailer transaction information via administrative terminals.

The Contractor shall assist investigators when necessary by retrieving electronically stored data tracing each step of the benefit authorization, card issuance, and PIN selection process. Investigators shall also have the ability to review benefit authorization history data elements, including benefit amount, benefit program type, date authorized, date available, conversion activity, and repayment activity.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15 System Security

The Contractor and all subcontractors shall ensure that an appropriate level of security is established and maintained in connection with the EBT system. The Contractor shall rely on EFT industry standards and conventions to ensure a sound and secure EBT operating environment. The Contractor shall adhere to requirements of the FNS Handbook 901, the FNS EBT System Security Guidelines, and the Quest Operating Rules. The security controls to be used by the Contractor and/or any subcontractor(s) in the performance of services required under this ITP shall be specified in the Bidder's response to this ITP.

The Contractor shall be responsible for the development, implementation and maintenance of a comprehensive security program for the EBT system and operations. This program shall include the administrative, physical, technical and systems controls that will be implemented to meet the security requirements of the EBT system. Documentation of the comprehensive security program will be submitted by the Contractor as the EBT Security Plan.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.1 Confidentiality

The Contractor must ensure that recipient and retailer confidentiality is not breached by allowing information to be accessed by unauthorized persons or for unauthorized purposes. The Contractor, its officers, agents, employees and subcontractors should treat all information, with particular emphasis on information relating to recipients and retailers which is obtained through its performance under the contract, as confidential information to the extent required by State and Federal laws and regulations. The use of information obtained by the Contractor in the performance of duties under the contract should be limited to purposes directly connected with such duties as assigned by the State to the Contractor.

The Contractor shall maintain the confidentiality of retailer data, per Federal regulation 7 CFR 278.1 (q), as follows: "The contents of applications or other information furnished by firms, including information on their gross sales and food sales volumes and their redemption of coupons, may not be used or disclosed to anyone except for purposes directly connected with the administration and enforcement of the Food Stamp Act." Failure to keep this data in strict confidence can lead to fines and imprisonment.

The Contractor or subcontractor shall not sell or give recipient data, retailer data, transaction information, or eligibility information to any party not authorized to receive that data. Data ownership resides exclusively with the State and the counties.

The Contractor shall be responsible for ensuring that any agreement between the Contractor and any of its officers, agents, employees or subcontractors contain a provision that strictly complies with the terms of this section.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.2 Physical Security

The facilities where EBT processing equipment and products reside shall be equipped with a physical security system that shall include personnel security checks for entry, door alarms, fire alarms, and motion detectors that operate 24 hours per day, 7 days per week. The Contractor's processor shall be located in a site that is secure against physical and electronic intrusion. Controls shall be managed to minimize service disruption in the event of any disaster or emergency.

As part of the EBT System Security Plan the Contractor shall describe its approach to physical security, including, at a minimum, a description of:

- Records security
- Employee security
- Facility security
- Data security
- Material disposal (e.g., data, hardcopy reports, audit logs, etc.)
- Visitor access security
- Technical security

The State requires the destruction of unused, unprinted or partially produced and omitted products by shredding, burning, or dissolving on the facility premises unless an alternate method is approved by the State. Such material shall not leave the Contractor's premises until it has been processed so that it is no longer identifiable. An audit record shall be used to account for all materials destroyed.

The State or county may authorize the Contractor to remove unused products from the Contractor's premises. The Contractor shall provide the State or county photocopies of all logs showing unused or omitted products destroyed or removed from the Contractor's premises within five (5) business days of occurrence.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.3 EBT System Security

This section addresses security and control requirements pertaining to the development and overall operational characteristics of the EBT information and processing systems. Bidders shall describe the systematic and procedural controls for the following areas and any other areas identified by the Bidder pertaining to controls for the EBT system operations.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.3.1 Control of Card Stock

The Contractor shall be responsible for card stock management, and shall ensure that unissued card stock is properly safeguarded against loss, theft, and or misuse. The Contractor shall be responsible for and bear liability for all unissued card stock until such stock is either received by the CWD or

mailed to recipients. Authentication checks shall be provided during card activation transactions. Card management control procedures shall be described in the EBT Security Plan.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.3.2 Control of PINs

The Contractor is responsible for ensuring the confidentiality of the PIN during generation, issuance, storage, and verification. The PIN shall not exist in clear text, be transmitted in clear text at any point in the EBT network infrastructure, or be logged or recorded in the EBT system while decrypted. All cryptographic functions for decrypting PINs transmitted to the EBT facility shall be performed in secure cryptographic devices in which all clear text PINs and keys are protected against disclosure and modification. PIN information should not be stored; however, if such information is stored, it shall be encrypted under a unique key not used for any other purpose. Access to stored encrypted PINs shall be strictly controlled. Authentication checks and transmission security shall be provided during PIN selection or PIN change either through POS device or over the telephone lines. PIN control systems and procedures shall be described in the EBT Security Plan.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.3.3 Transaction Security

The Contractor shall provide controls to ensure that EBT transaction communications are safeguarded, and EBT transactions are processed only for properly executed transactions from authorized terminals. Communications message validation shall provide for control edits for message completeness, file and field formats, and control and authorization measures. Bidders shall describe controls to secure communication lines and links. The Contractor shall have the ability to perform error checking of transmitted data to ensure integrity of transmitted data, including range checks for acceptable data fields and message format checks. In addition, the Contractor shall provide a configuration layout showing complete end-to-end details of the telecommunications and automated information system(s) as part of the Detailed System Design required as a development deliverable.

Transactions subject to intercept or monitoring, including all transactions traveling over public networks shall be encrypted. The Contractor shall support both hardware and software security standards for transaction security using the DES documented in ANSI X3.92. The security standards apply from the point of transaction initiation in the terminal's PIN pad, through the retailer, third party processor or Contractor's system, to the point of transaction authorization

within the Contractor's processor switch.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.3.4 Data Access Controls

The Contractor shall provide for software to control access to the EBT system data. Such data access control software shall ensure that access to the EBT system to input data or generate inquiries is strictly controlled. (This includes access by Federal, State, county, and Contractor personnel.) Data access control software shall provide for the following capabilities at a minimum: user identification and authentication, discretionary access controls, and system access audit controls.

The Contractor shall create and maintain an audit trail of system activity to prevent unauthorized modification or destruction of data. The audit and control procedures shall include audit trails for database access, including user identification for all users. At a minimum, the Contractor shall record the following types of events: user ID, authorized activity, and unauthorized actions; user and program actions such as file or program opens, modification, deletion, or initiation; date and time of activity, type of activity, and success or failure; origin of event (e.g., terminal ID, locator ID).

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.3.5 Object Re-use

When a storage object (including but not limited to core area and disk file) is assigned, allocated, or reallocated to a system user, the system shall assure that the object has been cleared. Object re-use protection shall be provided to prevent the inadvertent disclosure of residual information from data storage devices. The EBT Security Plan shall also provide for the State-approved destruction of magnetic media when no longer required.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.15.4 Administrative Terminal Security

As part of the EBT Security Plan, the Contractor shall describe security and control systems for use of administrative terminals. State staff shall have administrative terminal access to perform inquiries on EBT account information for all counties. State staff shall only have inquiry capability. County staff shall have access to EBT information only for clients within their county. No access shall be permitted for county staff to inquire into an EBT account of a different county. Specific multi-level access controls shall be developed with the State during the design phase and documented in the EBT Security Plan.

At a minimum, the following requirements shall be accommodated. The Contractor shall develop password generation, distribution, and expiration methods that will apply to those with access to the EBT system. All administrative terminal passwords shall be encrypted throughout the system. The Contractor shall ensure that user IDs are unique within the system. Passwords shall be changed according to the counties' system security policies. Three (3) consecutive invalid password attempts shall require reactivation by the system administrator. The system shall not allow a user to log into more than one administrative terminal at the same time. Screen time-outs shall be set to county specifications.

Each county shall assign their own System Security Administrator to work with the Contractor's designated staff when issuing user IDs and privileges. Specific database access privileges shall be assigned to specific administrative terminal users. The system shall specify maximum benefit authorization and benefit replacement limits.

The Contractor shall provide a list of all valid system users to the county (including Contractor staff).

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.16 Independent Audit and Certification

The Bidder will be required to submit, with its Proposal, a list of all independent or internal audits performed in the last five (5) years that include reviews of data processing, operations, disaster recovery, operational recovery, internal control, and security functions. The Contractor shall submit lists of independent or internal audits on an annual basis. The Contractor shall provide copies of any audits identified on this list upon request.

After contract award, any subsequent subcontractors utilized by the Contractor shall also submit to HWDC a list of independent or internal audits performed in the last five (5) years that include reviews of data processing, operations, disaster recovery, operational recovery, internal control, and security functions. The subcontractor shall also submit lists of independent or internal audits on an annual basis. The subcontractor shall provide copies of any audits identified on this list upon request.

Additionally, the Contractor shall provide an annual written certification stating that it and its subcontractors are in compliance with applicable banking regulatory requirements and EBT program specific requirements. Such certifications shall be subject to independent examination and validation. The following lists the EBT program specific requirements that shall be addressed in the EBT Contractor self-certification of compliance:

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.16.1 Banking and Financial Services Rules

The Contractor and any subcontractors shall comply with banking, EFT, and other financial services industry rules that relate to the EBT application. The Contractor and subcontractor certification of compliance shall include banking, EFT, and financial services industry rules to the extent that such rules govern aspects of EBT system operations. Such rules include the National Automated Clearing House Association (NACHA) Operating Rules and Operating Guidelines, and the Department of the Treasury Financial Management Service Green Book Requirements and 31 Code of Federal Regulations Part 210.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.16.2 Quest EBT Operating Rules

The Contractor and any subcontractors shall comply with the Quest Operating Rules and any modifications thereto. These operating rules detail the operational requirements for EBT vendors, third party processors and all other parties participating in the EBT program.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.16.3 Benefit Program Rules

The Contractor and any subcontractors shall comply with the specific benefit program level requirements. For benefit programs that do not have specific written requirements for participation in the EBT program, the Contractor shall comply, as applicable, with the existing program level requirements and with benefit level requirements as promulgated by the administering agency. Currently, one benefit program has written requirements specifically for participation in the EBT program:

USDA Food and Nutrition Service Final Rule 7 Code of Federal Regulations Parts 272, 274, 276, 277 and 278.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.16.4 Internal Control and Physical/Personnel Security Requirements

The Contractor is subject to the control and security requirement of this ITP and the components of its individual EBT Security Plan.

Meets Requirement: Yes _____ No _____

Description (if any): _____

6.16.4.1 Self-certification Requirements

- The Contractor shall accept responsibility for and provide an evaluation of its compliance with the EBT program specific requirements, compliance with the applicable regulatory requirements, and the effectiveness of the internal control structure in ensuring proper safeguards for the administration of public funds.
- The Contractor shall provide to the State a written certification of compliance with the EBT program specific requirements and applicable bank, EFT, and financial services industry requirements related to the EBT application. The Contractor shall explain how such determination of compliance was made, including bank examination, audit, and internal review. Any exceptions or qualifications must be identified and explained, and the Contractor shall describe corrective actions taken or plans to address such exceptions. It is the expectation of the State that the Contractor will utilize the results of current bank examinations, audits, reviews, and similar activities in making certification of compliance.
- Internal Control. The Contractor shall certify that it has properly administered all components of the EBT Security Plan and that such controls provide reasonable assurance that public funds administered through the EBT system are properly safeguarded and protected. The Contractor shall describe how such certification was made. The Contractor may use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in making this certification.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.16.4.2 Annual Examination Requirements

The Contractor and any subcontractors shall arrange for the performance of annual examination by a Certified Public Accounting firm or other independent practitioner acceptable to the State. The purpose of this examination is to ensure that the certification of compliance and internal control provide reasonable assurance of said compliance, and that any disclosure of exceptions or qualifications made by the Contractor or subcontractors are proper and complete. Any exceptions or qualifications shall be identified and explained, and the Contractor or subcontractor shall describe corrective actions taken or planned to address such exceptions. A written statement on this examination is required and shall be sent to the State together with the self-certification statements.

The examination shall be performed in accordance with the Government Auditing Standards guidance for a financial related audit, specifically, Statement of Standards for Attestation Engagements (SSAE) No. 3. SSAE No. 3 is applicable to the EBT annual examination in that it addresses the attestation requirements to examine management's assertions of compliance. The independent examiner may use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in supporting this examination. Additionally, an examination in conformity with Association for Independent Certified Public Accountants (AICPA) SAS 70, Processing of Transactions by Service Organizations, is required. The audit should culminate in a report on policies and procedures placed in operation and tests of operating effectiveness. The report should be addressed to

Chris Dunham
Health and Welfare Data Center
EBT Project
1651 Alhambra Boulevard
Sacramento, CA 95816-7092

and submitted within thirty (30) days of the State's fiscal year end. It should be clearly stated in the Bidder's Proposal that the State will receive a copy of the audit performed in accordance with SSAE No. 3 and that the report will be received within thirty (30) days of the State's fiscal year end.

The State retains the right to monitor that the examinations are performed in accordance with standards. The State retains the right to perform any additional procedures or examinations as determined necessary during this contract and for a period of three (3) years following the date of final payment under this contract, to assure compliance with its terms and/or to evaluate the Contractor's performance.

Any amounts that have been paid by the State to the Contractor which are found to be improper in accordance with the terms of the contract shall be returned to the State or may, at the discretion of the State, be returned in accordance with other remedies.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.16.5 Monitoring

The Contractor and any subcontractor shall permit the State and any other governmental agency authorized by law, or their authorized designee, to monitor all activities conducted by the Contractor and any subcontractors pursuant to the terms of this contract. The monitoring agency may, in its sole discretion, as deemed necessary or appropriate, perform monitoring that may consist of internal evaluation procedures, reexamination of program data, special analysis, on-site verification, formal audit examinations, or any other reasonable methods. All monitoring shall be performed in a manner that will not unduly interfere with contract work.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.17 System Availability and Backup

6.17.1 System Availability

The EBT system shall meet or exceed FNS requirements for system availability and reliability. The Contractor shall maintain a stable and reliable network architecture to service recipient benefits on-line 24 hours per day, 7 days per week. The EBT system transaction processing platform shall be available 99.9% of scheduled uptime. The total system, including the transaction processing platform, any network or intermediate processing facilities and cardholder authorization processors, shall be available 98% of scheduled uptime. Scheduled uptime shall mean the system is available to accommodate and process all transactions 24 hours per day, 7 days per week, excluding scheduled downtime for routine maintenance. Scheduled downtime shall be for routine maintenance and shall occur only during non-peak hours (12:00 midnight to 6:00 A.M. Pacific Time) and non-peak benefit issuance days (not first through tenth of month). Bidders shall define scheduled routine maintenance in their responses. Unscheduled downtime is defined as any time the system is unable to process and complete transactions, regardless of the point within the system where the transactions failed (e.g. failure of application modules, system errors, failure to process due to insufficient capacity at one or more points in the system). In the event of unscheduled downtime, the Contractor shall notify the State according to agreed upon escalation procedures.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.17.2 Backup and Disaster Recovery

The Contractor shall provide written backup procedures to ensure the continuation of operations in the event of a disruption in operations longer than thirty (30) minutes. Backup procedures shall allow benefit access when the Contractor's computer, system terminals, or communications are not operational. Backup procedures shall include manual transaction processing for the FSP.

A hot back-up site is required to ensure continuous coverage of benefit payment/distribution service in the case of primary system failure. The hot back-up site shall be located in a separate geographic location from the primary system to ensure that it is not subject to the same man-made or natural disaster. In the event that a disaster of any kind occurs at the EBT host site, cutover to the backup system shall occur. This cutover should be transparent to retailers and recipients.

Backup system escalation procedures, monitoring capabilities, resource sizing, capacity and response times shall be demonstrated to the satisfaction of the State prior to, during, and after implementation.

The Contractor shall perform mandatory disaster recovery drills annually.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.17.3 Backup, Disaster Recovery and Business Continuation Plan

The Contractor shall ensure that appropriate disaster recovery and contingency plans are developed and maintained, to ensure continuity of the critical functions of the EBT system. The Contractor shall submit a Backup, Disaster Recovery and Business Continuation Plan, which provides an evaluation of the types of events that may impact the EBT system's operations and therefore require backup and recovery plans. The Plan shall cover all events of total or partial cessation of operations or destruction of the database or physical facility.

The Backup, Disaster Recovery and Business Continuation Plan shall include procedures for recovery of the computer facility, recovery of transaction files and manual back-up procedures. The Plan shall include procedures for disaster prevention, detection and controls that address:

- Central Processing Unit
- Telecommunications network
- Fire and water detection system
- Back-up electrical power
- Tape storage and recovery procedures
- File back-up and recovery procedures

- Security procedures
- Data recovery/reconstruction procedures

For each major risk event the Plan shall describe actions to be taken, the resources to be used, and the procedures to be followed during and after any such event. The Plan shall detail contingency provisions to ensure that benefits continue to be accessible by clients. In addition, the Contractor shall outline the resources committed to each proposed contingency plan (e.g., people, systems, telephone lines, operations sites), indicate whether the contingency plan has been tested under real or simulated conditions, and address the availability of equipment for both automated and manual procedures. The Plan shall contain a description of the Contractor's back-up equipment to allow for system access in the event the Contractor's computer, terminals, and communications links are disrupted.

The Backup, Disaster Recovery and Business Continuation Plan shall include escalation procedures that define the necessary points-of-contact at the Contractor, State, and county levels, and define communication procedures for each representative.

The Contractor shall also provide for backup procedures to ensure the continuation of operations in the event that one or more counties halt operation at their mainframes due to disaster. In the event that a county activates a disaster recovery hot site, the Contractor shall interface with the site for continuation of benefit delivery to recipients. The Contractor shall describe the processes by which it will connect to the counties' disaster recovery "hot" sites to ensure that benefits continue to be available to recipients.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.18 Year 2000 Compliance

The Contractor shall be responsible for warranting that the EBT system is Year 2000 compliant and interfaces with each county's Year 2000 compliance solution. Year 2000 compliance is achieved when an application or system's products, programs, files, databases and functionality do not have or create any logical or mathematical inconsistencies or errors when dealing with dates. The product(s) shall also operate accurately in the manner in which it was intended for data operation without requiring manual intervention. The Contractor shall ensure that each third party processor who has an agreement with the Contractor for California EBT services is Year 2000 compliant so that recipients shall not experience a loss of service.

The Contractor shall comply with FNS and State Year 2000 requirements located in the Bidders' Library.

The Contractor shall provide documentation that will address the EBT system's Year 2000 compliance with respect to the following areas:

- Data Formats
- Hardware
- Operating System
- Software Applications
- Transaction Processing
- System Interfaces.

For Year 2000 conversion, the Contractor shall describe the methodology to be utilized, the implementation methods, and the types of testing that will be performed. Actual Year 2000 EBT conversion plans shall describe modifications to the facility environment, overall architecture, hardware, operating system, network, database, and resident and interfacing applications. Support applications and systems that require modification shall also be described and conversion plans provided (e.g., ARU, Help Desk, POS Software). Year 2000 compliance for other EBT system components, including interfaces (e.g., ACH, State, county, third party) and Disaster Recovery platforms, shall also be described.

The EBT Year 2000 documentation shall include, but not be limited to, the following:

- Approach
- Conversion Plan
- Test Plan
- Business Continuity Plan (revised to include back-up plans for Year 2000 application/module failures)
- Third Party and ATM Network Certification Plan.

Meets Requirement: Yes _____ No _____

Description (if any): _____

7 Pricing Proposal

This section describes the format and content of Bidder's pricing responses. This portion of the proposal must be bound and sealed separately from the remainder of the proposal. Cost data must not be shown in any other part of the Proposal. Non-compliance with these requirements will result in disqualification. Unless noted otherwise, prices quoted shall apply for the duration of the term of contract. Quoted prices shall be irrevocable for 180 days following the scheduled date for Contract Award specified in Section 1.5, Key Action Dates.

Bidders should be conscious of the effect of cost neutrality on the amount anticipated to be available for funding this project. EBT operations for food stamps in California must be at least cost neutral in relation to the paper-based issuance systems. In other words, the cost for all EBT services for food stamps cannot exceed the costs of the present paper-based benefit delivery systems that will be replaced by EBT. The State reserves the right to reject any and all proposals that are not within this parameter.

7.1 Pricing Response Schedules

Bidders shall present their proposed project prices in the formats provided in this section. If an item has no cost, enter the numeral "0" rather than leaving a blank. If any character other than a numeral is used (e.g., a dash) or an item is left blank, the State will assume the cost of the item to be zero. The Schedules are to be used in the format presented (i.e., do not make any additions, deletions, or changes to the Schedules). Responses that do not provide price proposals in the required format will be considered non-responsive (See Section 2.3.8.4, Errors in the Final Proposal) and will not receive further consideration.

7.1.1 Pricing for Design, Development, and Implementation

Design, Development, and Implementation costs will be paid separately from the core services bid for the operation of the EBT system. Bidders must provide pricing for each phase. Bidders must provide cost information that supports the cost of each phase. The supporting cost information must include an explanation of the methodology and assumptions used to arrive at the cost. Bidders must clearly explain the relationship between the supporting cost information and the cost. Bidders may submit the supporting cost information in any format. The supporting cost information will be considered part of the price proposal for contractual purposes. The price must include, but is not necessarily limited to, the costs for each of the following tasks:

Design Phase: Begins with the contract award and ends when the system is ready for coding and testing. The associated tasks include the following:

- Finalizing Project Work Plan
- System design, documentation, and design review
- Joint Application Development
- Drafting Operations and User's Manuals
- Drafting training materials
- Drafting System Test Plan and procedures
- Finalizing the Statewide Implementation Plan

Development Phase: Begins with coding and testing and ends when the system is ready for deployment in the pilot county. The associated tasks include the following:

- Developing and testing system software
- Developing and testing interfaces
- Finalizing Users' Manuals, training materials, and System Test Plans
- Performing the Functional Demonstration
- Performing the Acceptance Tests
- Finalizing System Design Documentation

SCHEDULE 1a: DESIGN & DEVELOPMENT

Phase	Cost
Design	
Development	
Total	

Implementation Phase: Begins with the deployment of the system in the pilot county and ends with the conversion of the final case in the final region. The associated tasks include, for example, the following:

- POS deployment*
- Training staff, retailers, and recipients
- Card issuance

*This includes the terminals required for adequate cash access by Section 5.10.3 of the ITP.

SCHEDULE 1b: IMPLEMENTATION

County	Cost	
	Food Stamps	Cash Assistance
Alameda		
Alpine		
Amador		
Butte		
Calaveras		
Colusa		
Contra Costa		
Del Norte		
El Dorado		
Fresno		
Glenn		
Humboldt		
Imperial		
Inyo		

Kern		
Kings		
Lake		
Lassen		
Los Angeles		
Madera		
Marin		
Mariposa		
Mendocino		
Merced		
Modoc		
Mono		
Monterey		
Napa		
Nevada		
Orange		
Placer		
Plumas		
Riverside		
Sacramento		
San Benito		
San Francisco		
San Joaquin		
San Luis Obispo		
San Mateo		
Santa Barbara		
Santa Clara		
Santa Cruz		
Shasta		
Sierra		
Siskiyou		
Solano		
Sonoma		
Stanislaus		
Sutter		
Tehama		
Trinity		
Tulare		
Tuolumne		
Ventura		
Yolo		
Yuba		
Total		

NOTE: The cost to implement cash assistance shall be shown for each county whereas the cost to implement food stamps shall be shown as a total statewide cost.

7.1.2 Pricing for Core Services

Price quotations for core services shall include all costs associated with the operation of the EBT system. Pricing for optional services and equipment shall not be included on Schedule 2, as separate schedules are provided to capture these costs.

Core services costs shall be quoted as a cost per case per month (CPCM). The CPCM represents the fixed cost to deliver the specified category of services to a single case for one month. A "case" is defined as the single beneficiary unit receiving benefits from one or more programs through a single account. For example, a beneficiary unit receiving food stamps through a single account would represent a food stamp only case or account. Similarly, a beneficiary unit receiving one or more cash benefits through a single account would represent a cash only case or account. A beneficiary unit receiving both food stamps and cash assistance through two or more accounts would represent a single, combined case. The Bidder shall apply the quoted CPCM to all active cases (i.e., cases for which one or more benefit authorizations have been posted during the billing month).

Pricing will be volume based or "tiered", dependent upon the actual number of active cases on the EBT system. While program specific caseload data presented in Appendix D may be used to project caseload and transaction volume, caseload levels are not guaranteed. Due to program changes and other factors affecting the programs, the projected caseload volumes are subject to change. Cash assistance and food stamp caseloads have at times increased or decreased. Therefore, Bidders must provide a price for each pricing tier shown on Schedule 2. The price must include, but is not necessarily limited to, the costs for each of the following:

- Account Set-up and Benefit Authorization
- Account Maintenance
- Transaction Processing
- Toll Free Pay Telephone Calls
- Customer Service
- Audio Response Unit
- Retailer Management
- Batch Processing
- Settlement
- Reporting
- POS deployment

Bidders must provide pricing for core services for each of the following caseload volumes and programs. Monthly billings to the State shall be based on the quoted CPCM in the pricing tier that corresponds to the total actual number of active cases systemwide. For example, if the total number of active food stamp only cases, cash assistance only cases, and combined food stamp and cash assistance cases in a month equals 400,000 cases, then tier 2 pricing would be used for each category.

The CPCM shall be the total compensation to the Bidder for the core services described in this section.

SCHEDULE 2: CORE SERVICES

Tier	Cases	Food Stamps Only	Cash Only	Combined
1	1 – 250,000			
2	250,001 – 500,000			
3	500,001 – 750,000			
4	750,001 – 1,000,000			
5	1,000,001 – 1,250,000			
6	1,250,001 – 1,500,000			
7	1,500,001 – 1,750,000			
8	1,750,001 – 2,000,000			
9	Over 2,000,000			

NOTE: Each FSP case will be provided an unlimited number of food stamp POS transactions at no charge each month, and each cash assistance case (CalWORKs or GA) shall be provided four (4) government supported cash withdrawal transactions per month⁵. Any costs to the Contractor for such transactions will be considered core costs and not charged or accounted for separately.

7.1.3 Pricing for County Specific Services

This pricing category is for optional services that are specific to a particular county. They include:

7.1.3.1 Card Issuance

For issuance of new or replacement cards after conversion, each county shall have the option to issue cards over-the-counter or have the Contractor mail cards to the recipient. Bidders shall present on Schedule 3 pricing table the unit cost to have the Contractor mail cards to the recipients. Counties electing this option will pay only for the actual number of cards issued.

7.1.3.2 PIN Issuance

The State intends to have all PIN selection occur face-to-face, but in the future may consider mail-based PIN issuance as a county option for both new and replacement cards. Bidders shall present on Schedule 3 pricing table, the unit cost to have the Contractor mail PINs to the recipient. Counties electing this option will pay only for the actual number of PINs issued.

7.1.3.3 Coupon Conversion

Each county shall have the option of storing coupons and converting electronic benefits to food coupons locally or having the Contractor handle food coupon conversion for recipients who are leaving the EBT project area and request to have their electronic benefits converted to food stamp coupons. This service shall be priced on Schedule 3 as a cost per unit.

⁵ See Section 5.10, Cash Access Plan, regarding the inclusion of ATM transactions.

SCHEDULE 3: COUNTY SPECIFIC SERVICES

Tier	Cases	Unit Price		
		New or Replacement Card Issuance	PIN Issuance	Coupon Conversion
1	1 – 62,500			
2	62,501 – 125,000			
3	125,001 – 187,500			
4	187,501 – 250,000			
5	250,001 – 312,500			
6	312,501 – 375,000			
7	375,001 – 437,500			
8	437,501 – 500,000			
9	Over 500,000			

7.1.4 Pricing for Additional EBT POS Terminals

A retailer with less than \$100 per month in Food Stamp redemptions may arrange to obtain its own POS terminals at its own expense. In addition, any retailer can request terminals to be installed at its own cost in addition to the maximum number of POS devices that the State will provide at no cost to the retailer. Pricing for retailers to obtain such POS equipment will be reflected on Schedule 4a and 4b.

Pricing for this equipment must be provided on Schedule 4a and 4b in two ways: 1) As a cost per unit to purchase equipment, and 2) as a per unit lease fee. In the first method of pricing, the retailer will retain ownership rights of the equipment. However, the EBT Contractor will be responsible for all service and maintenance. In regards to the second method, the EBT Contractor will retain ownership rights and will be responsible for all service and maintenance.

Pricing must include costs for delivery and set-up and must be broken down into the components shown in Schedule 4a and 4b.

SCHEDULE 4a: RETAILER PURCHASE OF EBT POS TERMINALS

	Cost Per Unit			
	<1,000 Terminals	1,001 – 5,000 Terminals	5,001 – 10,000 Terminals	>10,000 Terminals
Hardware				
Maintenance				
Communications				
Total				

SCHEDULE 4b: RETAILER MONTHLY LEASE FEE FOR EBT POS TERMINALS

	Monthly Lease Fee Per Unit			
	<1,000 Terminals	1,001 – 5,000 Terminals	5,001 – 10,000 Terminals	>10,000 Terminals
Hardware				
Maintenance				
Communications				
Total				

7.1.5 Pricing for Administrative Equipment

CWD offices may be equipped with at least one administrative terminal, a card embosser and a PIN selection device for over-the-counter card issuance. Refer to the Bidders' Library for a listing of CWD offices. Administrative terminals must also be provided for State offices and the FNS Field office.

Pricing for this equipment must be provided on Schedule 5 in two ways: 1) As a cost per unit to purchase equipment, and 2) as a per unit lease fee. In the first method of pricing, the State will retain ownership rights of the equipment. However, the EBT Contractor will be responsible for all service and maintenance. In regards to the second method, the EBT Contractor will retain ownership rights and will be responsible for all service and maintenance. The EBT Contractor shall charge for service and maintenance on a monthly basis as provided in Schedules 5b or 5d. The State reserves the right to select the payment method. Bidder should also note the State reserves the right to mix and match payment methods by type of equipment.

The Contractor shall supply administrative function software and communication protocols so that administrative transactions may be initiated from government-owned terminals or PCs at no cost.

SCHEDULE 5a: PURCHASE ADMINISTRATIVE EQUIPMENT

Type of Equipment	Cost Per Unit				
	<100 Units	101 – 300 Units	301 – 600 Units	601 – 1,000 Units	> 1,000 Units
PIN Selection and Encryption Device					
Card Embosser					
Administrative Terminal					

SCHEDULE 5b: MONTHLY MAINTENANCE ON PURCHASED ADMINISTRATIVE EQUIPMENT

Type of Equipment	Monthly Maintenance Per Unit on Purchase Equipment				
	<100 Units	101 – 300 Units	301 – 600 Units	601 – 1,000 Units	> 1,000 Units
PIN Selection and Encryption Device					
Card Embosser					
Administrative Terminal					

SCHEDULE 5c: MONTHLY LEASE FEE FOR ADMINISTRATIVE EQUIPMENT

Type of Equipment	Monthly Lease Fee Per Unit				
	<100 Units	101 – 300 Units	301 – 600 Units	601 – 1,000 Units	> 1,000 Units
PIN Selection and Encryption Device					
Card Embosser					
Administrative Terminal					

SCHEDULE 5d: MONTHLY MAINTENANCE ON LEASED ADMINISTRATIVE EQUIPMENT

Type of Equipment	Monthly Maintenance Per Unit on Leased Equipment				
	<100 Units	101 – 300 Units	301 – 600 Units	601 – 1,000 Units	> 1,000 Units
PIN Selection and Encryption Device					
Card Embosser					
Administrative Terminal					

7.1.6 Pricing for Personnel Billing Rates

7.1.6.1 Change Order Rate

The Bidder is to list here the personnel costs associated with design and development work that may be charged for future changes. Bidders must include fully loaded hourly rates by category of personnel on Schedule 6a. . If the Bidder proposes staff in addition to those identified in Schedule 6a, the Bidder shall enter the average hourly rate of the combined additional staff in the “other” category of Schedule 6a. These rates must be guaranteed for the entire contract term.

SCHEDULE 6a: CHANGE ORDER RATE

Position Title	Hourly Rate
Project Manager	
Programmer/Analyst	
Programmer	
Other	
TOTAL	

7.1.6.2 Pricing for EBT System Innovation

The State is interested in obtaining input from the Contractor regarding system innovations that will enhance or improve the EBT system. Bidders must include fully loaded hourly rates by category of personnel on Schedule 6b. These rates must be guaranteed for the entire contract term.

SCHEDULE 6b: SYSTEM INNOVATION RATE

Position Title	Hourly Rate
Project Manager	
Business Process Specialist	
System Analyst	
Applications Analyst	
TOTAL	

8 Proposal Format

8.1 Introduction

These instructions prescribe the mandatory proposal format and the approach for the development and presentation of Proposals. Format instructions must be followed, all requirements and questions in the ITP must be answered and all requested data must be supplied.

Submissions include the Letter of Intent, Draft Proposal and Final Proposal. All submissions must be clearly labeled "ITP HWDC – 8024," identified as Letter of Intent, Draft Proposal or Final Proposal, and include the Bidder's name. It is the responsibility of the Bidder to ensure that the Proposals are received at the Department of General Services by the date and time specified in Section 1.5, Key Action Dates to the Department Official listed in Section 1.4. If mailed, use certified or registered mail with return receipt requested.

8.2 Intent to Submit a Proposal

A Letter of Intent (Exhibit #5-1) is to be prepared and submitted in accordance with Section 2.2.6.

8.3 Draft and Final Proposal Format and Content

The Draft Proposal and Final Proposal shall be completely sealed and one (1) complete set of all required volumes clearly marked "MASTER COPY." Each sealed Proposal container must be labeled as follows:

Name of Contractor
ITP HWDC-8024
(Draft or Final) Proposal

Proposals must respond to all requirements in ITP Sections 5 and 6. Requirements must be addressed in the order they are presented in the ITP. Each ITP requirement response in the Proposal must reference the exact location where the requirement is found. The Contractor should provide a reference table for the entire Proposal that lists all the ITP requirements and where they are found in the Proposal.

All pages in the Proposal must be standard 8 ½ x 11 paper, except charts, diagrams, etc., which may be foldouts. If foldouts are used, the folded size must fit within the 8 ½ x 11 format. The following must be shown on each page of the Proposal:

ITP HWDC-8024
Name of the Contractor
Proposal Volume Number
Proposal part or exhibit number
Page number

Page numbers must be located in the same page position throughout the Proposal. Figures, tables, charts, etc. must be assigned index numbers and must be referenced by these numbers in

the Proposal text and in the Proposal Table of Contents. Figures, etc. must be placed as close to text as possible.

8.3.1 Draft Proposal

The Draft Proposal should follow the format and content of the Final Proposal except the submission must not include actual dollar cost information. All dollar cost items must be filled in using XXXs in the Draft Proposal. Costs must include any additional information or language that will be shown in the Final Proposal, without providing any cost figures. The completed contract must also be included, and must have XXXs in place of all cost figures. The contract need not be signed at this point. It is important that all exhibits and all cost tables be included with all entries except dollar figures.

Inclusion of cost figures in the Draft Proposal may result in elimination of the Contractor from further participation in the procurement process.

8.3.2 Final Proposal

The Final Proposal must be submitted on the date specified in Section 1.5, Key Action Dates, and in the manner specified in Section 2.3.2. The Proposal must be submitted in the number of copies indicated and must be structured in the following manner:

Volume 1 – Response to Requirements	8 copies
▪ Cover Letter	
▪ Table of Contents	
▪ Part 1 – Executive Summary	
▪ Part 2 – Response to Administrative Requirements	
▪ Part 3 – Response to System and Operations Requirements	
▪ Exhibits	
Volume 2 – Completed Contract	8 Copies
Volume 3 – Pricing Proposal	8 Copies
Volume 4 - Literature	8 Copies

Each volume of the Proposal must be provided separately in a three-ring binder.

8.3.2.1 Volume 1 – Response to Requirements

This volume must contain all responses to Section 5 Administrative Requirements, and Section 6 System and Operations Requirements. All forms and exhibits, except for cost data, must be completed and included in this Volume. Each page must be numbered as described above. Volume 1 must be in the order and format indicated below.

8.3.2.1.1 Cover Letter

The Cover Letter must be prepared and signed in accordance with ITP Section 2.3.2.1, Signature of Proposals. The Cover Letter must be on the Contractor's official business letterhead stationery. Cost information must not be included in the Cover Letter. The Cover Letter must be included as the first page of Proposal Volume 1.

8.3.2.1.2 Table of Contents

All major parts of the Proposal, including exhibits, must be identified by volume, part, and page number. All figures, charts, graphs, etc. must be identified by index number and page number. A reference table of all ITP requirements and where they are found in the Proposal shall be included here.

8.3.2.1.3 Part 1 – Executive Summary

Proposal Volume 1, Part 1 must contain an Executive Summary of the salient features of the Proposal. The Executive Summary must condense and highlight the contents of the Proposal to provide a broad understanding of the entire Proposal and to facilitate the evaluation of the Proposal by the State. Cost information must not be included in the Executive Summary.

8.3.2.1.4 Part 2 – Response to Administrative Requirements

Proposal Volume 1, Part 2 must contain a detailed narrative of compliance and/or response for each item (all paragraphs and subparagraphs) identified in ITP Section 5, Administrative Requirements.

It is necessary that each paragraph be acknowledged and agreed to. Bidders must state compliance to each numbered paragraph, or numbered section by completing the legend found at the end of each section. Bidders must remove or photocopy Section 5, Administrative Requirements from the ITP and insert it into the response to Volume I, Part 2 with appropriate responses.

All requirements in Section 5 are mandatory. Bidders must complete the legend for every requirement. Failure to respond to a requirement will be cause for rejection of the Proposal. The Bidder must indicate “YES”, which certifies a commitment to the performance of each requirement under the direction of State EBT management while adhering to all specified standards and maintenance procedures as identified in each requirement. If the requirement specifies specific tools such as software, the Contractor must commit to the provision of such items. A “NO” response to any requirement may result in disqualification of the Contractor.

There are many Exhibits and several required written responses to the Administrative Requirements that Bidders must complete as part of their response to Section 5, Administrative Requirements. For any requirement with a legend line for Reference Document and Description, a descriptive narrative and/or reference material is required and must be placed in Volume I, Part 2 following the Section 5 pages described in the paragraph above. Narrative information must be addressed separately for each requirement. Narrative information must be in the order in which the requirements are presented in ITP Section 5 and must reference the exact location, (including ITP section number, section title, and ITP page number) where the requirement is found..

8.3.2.1.5 Part 3 - Response to System and Operations Requirements

Proposal Volume 1, Part 3 must contain a detailed narrative of compliance and/or response for each item (all paragraphs and subparagraphs) identified in ITP Section 6, System and Operations Requirements.

As part of their response to Section 6, it is necessary that each paragraph be acknowledged and agreed to. Bidders must state compliance to each numbered paragraph, or numbered section by completing the legend found at the end of each section. Bidders must remove or photocopy Section 6, System and Operations Requirements, from the ITP and insert it into the response to Volume I, Part 3 with appropriate responses.

All requirements in Section 6 are mandatory. Bidders must complete the legend for every requirement. Failure to respond to a requirement will be cause for rejection of the Proposal. The Bidder must indicate "YES", which certifies a commitment to the performance of each requirement under the direction of State EBT management while adhering to all specified standards and maintenance procedures as identified in each requirement. If the requirement specifies specific tools such as software, the Contractor must commit to the provision of such items. A "NO" response to any requirement may result in disqualification of the Contractor.

For any requirement with a legend line for Reference Document and Description, a descriptive narrative and/or reference material is required and must be placed in Volume I, Part 3 following the Section 6 pages described in the above paragraph. Narrative information must be addressed separately for each requirement. Narrative information must be in the order in which the requirements are presented in ITP Section 6 and must reference the exact location (including ITP section number, section title, and ITP page number) where the requirement is found.

8.3.2.1.6 Exhibits

The following ITP exhibits must be completed, where possible, appropriate and/or required, and included at the end of Proposal Volume I:

- Exhibit #5 – 1 Letter of Intent
- Exhibit #5 – 2 Statement of Experience and Financial Condition
- Exhibit #5 – 3 Corporate Background and Experience Matrix
(3 references)
- Exhibit #5 – 4 Subcontractors
- Exhibit #5 – 5 Confidentiality Statement
- Exhibit #5 – 6 Nondiscrimination Compliance Statement
- Exhibit #5 – 7 Drug-Free Workplace Certification
- Exhibit #5 – 8 Vendor Data Record
- Exhibit #5 – 9 DVBE Participation Program Requirements - THE EXHIBIT FOR THIS VOLUME MUST BE COMPLETE IN EVERY DETAIL EXCEPT FOR COST

INFORMATION. DO NOT INCLUDE COST INFORMATION IN THIS VOLUME. COMPLETE A DUPLICATE EXHIBIT #5 - 9 WITH THE COMPLETED COST INFORMATION AND SUBMIT WITH VOLUME 3, PRICING PROPOSAL.

- Exhibit #5 – 10 Target Area Contract Preferences Act (TACPA) Request
- Exhibit #5 – 11 Enterprise Zone Act (EZA)
- Exhibit #5 – 12 Local Agency Military Base Recovery Area (LAMBRA)
- Exhibit #5 – 13 Certification Regarding Lobbying
- Exhibit #5 – 14 Certification Regarding Debarment
- Exhibit #5 – 15 Alternative Protest Pilot Project

8.3.2.2 Volume 2 - Completed Contract

This volume must contain the completed and signed contract, with State approved contract language and all Exhibits with all appropriate blanks completed. Appendix H, Development of the State Model Purchase Contract to be Submitted in the Proposal, explains how the State Model Purchase Contract must be used to develop a mutually agreeable final contract. The State Model Purchase Contract is provided in Appendix I, Terms and Conditions.

NOTE: THE EXHIBIT A INFORMATION FOR THE COMPLETED CONTRACT MUST BE COMPLETE IN EVERY DETAIL EXCEPT FOR COST INFORMATION. DO NOT INCLUDE COST INFORMATION IN THIS VOLUME. COMPLETE A DUPLICATE EXHIBIT A WITH THE COMPLETED COST INFORMATION AND SUBMIT WITH VOLUME 3, PRICING PROPOSAL

8.3.2.3 Volume 3 – Pricing Proposal

Volume 3 must be separately sealed and clearly labeled: Volume 3 – Pricing Proposal. It will not be opened for evaluation until the evaluation and scoring of Section 5, Administrative Requirements, and Section 6, System and Operations Requirements, have been completed as described in Section 9, Evaluation of Proposals. Volume 3 must contain all completed tables required by the ITP. The organization of Volume 3 must be:

- PART 1 -
 - Schedule 1a: Design and Development
 - Schedule 1b: Implementation
 - Schedule 2: Core Services
 - Schedule 3: County Specific Services
 - Schedule 4a: Retailer Purchase of EBT POS Terminals
 - Schedule 4b: Retailer Monthly Lease Fee for EBT POS Terminals
 - Schedule 5a: Purchase Administrative Equipment
 - Schedule 5b: Monthly Maintenance on Purchased Administrative Equipment
 - Schedule 5c: Monthly Lease Fee for Administrative Equipment
 - Schedule 6a: Change Order Rate
 - Schedule 6b: System Innovation Rate

- PART 2 - Exhibit #5 – 9 Summary of DVBE Participation with completed cost information

Exhibit A of the Model Contract with completed cost information

8.3.2.4 Volume 4: Literature

Volume 4 must contain all technical and other reference literature necessary to support the responses to the requirements in this ITP.

If the Bidder chooses not to provide such material, a statement of intentional omission must be provided in Volume 4. If the Bidder intends to submit literature in the Final Proposal, complete literature copies must be submitted with the Draft Proposal.

Any technical or other reference literature included in the Bidder's proposal should reference the ITP section number, section title, and page number to which the literature is pertinent.

9 Evaluation of Proposals

9.1 Introduction

All Bidder Proposals will be evaluated through a multi-step process to determine the responsive proposal that provides the best value to the State. The Best Value Proposal is that proposal whose overall offer best meets the State's needs, when cost, mandatory requirements, and scorable requirements are all considered.

9.2 State Evaluation Team

The State Evaluation Team will consist of approximately fifteen (15) members. The State Evaluation Team will evaluate the proposals submitted by the Bidders including the Administrative Requirements and System and Operation Requirements; they will check the Bidder's references and identify any material deviations in a Bidder's proposal. Also, the team will evaluate costs.

9.3 Evaluation and Selection Process

The process for evaluating the Bidder proposals will be a multi-step process. It will employ the following steps in the following order:

9.3.1 Draft Proposal

9.3.1.1 Review of Administrative Requirements

Draft Proposals received by the date and time specified in Section 1.5, Key Action Dates will be opened and reviewed for detailed compliance with the administrative requirements of the ITP.

The State Evaluation Team will conduct the following reviews:

The State will review the proposal package to determine if the proper numbers of copies have been delivered and that the proposals have been submitted in the proper format.

The State will review all proposals to identify any "qualifiers" placed on the proposal. Conditional proposals are not acceptable.

The State will review and evaluate each of the other administrative requirements of the ITP to verify the Bidder's compliance. Also, customer references will be contacted for verification of Bidder experience and performance.

It is imperative that no cost figures be included in the Draft Proposal.

If any deviation from these requirements is found it shall be noted as a Confidential Discussion item.

9.3.1.2 Review of System and Operations Requirements

Each proposal will be evaluated as to technical completeness and compliance with the System and Operations Requirements of the ITP. If any deviation from these requirements is found it shall be noted as a Confidential Discussion item.

9.3.2 Confidential Discussions

Each Bidder submitting a Draft Proposal will be scheduled for a Confidential Discussion. The State Evaluation Team will prepare a Discussion Agenda of items to be discussed with the Bidder and transmit the agenda to the Bidder at least two (2) business days before the meeting. As the first order of business, the Bidder may be asked to give a short overview presentation of the Proposal. To the maximum extent practical, the Bidder will address the major concerns of the State Evaluation Team, as expressed in the Discussion Agenda. The Bidder should be prepared to answer any questions that may arise as a result of the presentation. The participants will then proceed to discuss each of the Discussion Agenda items.

At the end of the Confidential Discussion, the Bidder will be aware of the sections that require revision prior to submission of the Final Proposal. The State will prepare a Confidential Discussion Memorandum documenting the clarified items and agreements on how the Bidder proposes to correct the noted defects. The State will not determine during this review if a defect could be material and cause the Final Proposal to be rejected. **The State does not warrant that it will find all defects in a Bidder's proposal.** It is the Bidder's responsibility to thoroughly review their Final Proposal prior to submission to ensure that all of the requirements of the ITP have been met.

9.3.3 Final Proposal

9.3.3.1 Proposal Opening And Validation Check

The proposals will be received in accordance with Section 2, Rules Governing Competition. The State will record the time of receipt and verify that the proposals were received in a sealed condition.

Final Proposals not received by the date and time specified in Section 1.5, Key Action Dates, or received not sealed will be rejected.

All proposals received by the date and time specified in ITP Section 1.5, Key Action Dates will be opened. The Proposals will then be checked for the presence of the required information in conformance with the requirements of this ITP. Absence of required information may deem the proposal non-responsive and may cause rejection.

9.3.3.2 Validation Against Requirements

The State will evaluate each Proposal in detail to determine compliance with the ITP requirements, particularly Section 5, Administrative Requirements and Section 6, System and Operations Requirements. If a proposal fails to meet a requirement, the State will determine if the deviation is material as defined in Section 2, Rules Governing Competition. A material deviation from a mandatory requirement or mandatory portion of a mandatory scorable requirement will cause rejection of the Proposal and no further consideration will be given to that Proposal. An immaterial deviation will be examined to determine if the deviation will be accepted. If accepted, the proposal will be processed as if no deviation had occurred. Scoring will not be performed for the scorable features of the mandatory scorable requirements for any proposal not meeting all mandatory requirements.

9.3.3.3 Review of Administrative Requirements

The State Evaluation Team will review and evaluate each Bidder's Final Proposal with respect to the ITP requirements to ensure that the Bidder has met all the Administrative Requirements of the ITP. It is the responsibility of the State Evaluation Team to evaluate the proposals and determine if the proposal is responsive to the requirements of the ITP.

The State Evaluation Team will conduct the following reviews:

The State will review the proposal package to determine if the proper number of copies have been delivered, that the proposals have been submitted in the proper format, and that the proposals have been signed by a person authorized to commit the company.

The State will review all proposals to identify any "qualifiers" placed on the bid. Conditional bids are not acceptable.

The State will review and evaluate each of the other Administrative Requirements of the ITP to verify the Bidder's compliance.

9.3.3.4 Review of System and Operations Requirements

Each proposal will be evaluated as to technical completeness and compliance with the System and Operation Requirements of the ITP. **All requirements in Section 6, System and Operations Requirements, are mandatory and will be evaluated on a pass/fail basis.**

9.3.3.5 Customer Reference List Evaluation

If a Bidder submits only a Final Proposal and has not submitted a Draft Proposal, customers from the Bidders reference list (and any other customers the State may select) will be contacted at this time. The customers will be interviewed in areas relevant to this ITP. Negative responses from customers may be cause for rejection of the proposal. Also, the State reserves the right to reconfirm all customer references identified in the Draft Proposal.

9.3.3.6 Cost Analysis

There will be a separate opening of Bidders costs, after responses to Administrative Requirements and System and Operations Requirements have been evaluated and scored. Costs will be opened only for those Bidders meeting all mandatory requirements and mandatory portions of the mandatory scorable Administrative Requirements. The required cost figures will be checked for mathematical accuracy. Error and inconsistencies will be dealt with according to procedures contained in Section 2.3.8.4, Errors in the Final Proposal. Only those cost adjustments will be made for which a procedure is described in this ITP.

9.3.3.7 Demonstration

If the Proposal is responsive to requirements and is selected to be demonstrated, those ITP requirements marked for validation by demonstration will be checked as described in Section 10. Failure to satisfactorily pass the demonstration in accordance with the procedures in Section 10 and the demonstration plan submitted by the Bidder may result in the rejection of the proposal.

9.3.4 Evaluation Methodology

9.3.4.1 Mandatory Requirements

The Bidder's proposal must meet all of the mandatory requirements in Section 5, Administrative Requirements, and Section 6, System and Operations Requirements. The State will review all mandatory requirements first on a pass/fail basis. **PROPOSALS THAT DO NOT MEET ALL MANDATORY REQUIREMENTS MAY BE REJECTED.**

9.3.4.2 Mandatory Scorable Administrative Requirements

If all mandatory requirements are met, the State will evaluate the Bidder's responses to the Mandatory Scorable requirements. These requirements will first be evaluated on a pass/fail basis. **Proposals that do not meet all the mandatory portions of the Mandatory Scorable requirements may be rejected.**

If all mandatory portions of the Mandatory Scorable requirements are met, the State will award points for each requirement response based on how well the Bidder has met the requirement. Six hundred (600) maximum points will be available in this evaluation category. The following table illustrates the maximum points for each Mandatory Scorable Administrative Requirement.

Table 9-1: Maximum Points for Administrative Requirements

ITP Section	Administrative Requirement	Maximum Points Available
5.4	Corporate Background and Experience	60
5.5	Key Staffing	130
5.6	Project Management Plan	90
5.7	Implementation Plan	80
5.8	Capacity Plan	80
5.9	Settlement and Reconciliation Plan	80
5.10	Cash Access Plan	80
TOTAL ADMINISTRATIVE POINTS AVAILABLE		600

Points will be awarded in for the Mandatory Scorable requirements according to the following criteria.

9.3.4.2.1 *Corporate Background and Experience*

Sixty (60) points are available for this category. Points may be awarded to a Bidder based upon information received from customer references provided in response to Section 5.4, Corporate Background and Experience. The State will be awarding points in this category based on customer satisfaction with the Bidder's past performance. The State will be seeking information from customer references regarding: satisfaction with the Bidder's performance in the areas of

- project management;
- performance in relation to the project work plan schedule, budget and expected level of quality;
- integration of all project activities over the life of the project;
- coordination of subcontractors;

- resource allocation;
- change management practices;
- communication;
- overall system performance;
- overall responsiveness to the customer's needs;
- responsiveness when performance problems arise;
- call center customer service;
- call center and ARU performance; and
- error resolution processes

9.3.4.2.2 Key Staffing

One hundred thirty (130) points are available for this category. Staff experience will be validated through reference checks. Any replacement personnel during the life of the contract must meet or exceed the skill level that the Bidder proposed and was scored on.

Ninety (90) points will be available for staff who have prior EBT experience that is part of the experience contained in the minimum requirements stated in Section 5.5. The points will be awarded to the following key staff.

Project Manager: 1 st Year of EBT experience 2 nd Year of EBT experience Total Available for EBT Experience during design, development and/or implementation:	10 points 10 points 20 points
Systems Implementation Manager: 1 st Year of EBT Experience 2 nd Year of EBT Experience Total Available for EBT Experience:	10 points 10 points 20 points
Technical Project Manager: 1 st Year of EBT experience 2 nd Year of EBT experience Total Available for EBT Experience during the design, development and/or implementation:	10 points 10 points 20 points
Regional Implementation Manager (1) 1 st Year of EBT experience 2 nd Year of EBT experience Total Available for EBT Experience:	10 points 5 points 15 points
Cash Access Manager 1 st Year of EBT experience 2 nd Year of EBT experience Total Available for EBT Experience:	10 points 5 points 15 points
Maximum Points Available for EBT Experience	90 Points

Forty (40) additional points are available to be earned by the Project Manager and the Implementation Manager. Points will be awarded based upon reference checks for these staff

members. These points may be earned regardless of EBT experience. The State will be considering the following factors:

- demonstrated ability of the individual to develop and implement a Project Management Plan or Implementation Plan (as described in Sections 5.6 and 5.7), including managing schedule, resources, budget and quality
- whether the individual's prior experience was over the life of one project, or for short periods on multiple projects;
- responsiveness to customer's needs; and
- cooperativeness; reliability, and communication skills.

Project Manger	20 points
Systems Implementation Manager	20 points

9.3.4.2.3 *Project Management Plan*

Ninety (90) points are available in this category. A zero to five (0-5) scoring scale will be applied to aspects of the Project Management Plan: zero being non-responsive through five being all components of the requirement are met with the highest degree of confidence for success. The Project Management Plan will be scored as follows.

Project Work Plan	30 points
Staffing and Organization Plan	20 points
Quality Assurance Plan	20 points
Risk Management Plan	20points
Maximum Points available for Project Management Plan	90 Points

9.3.4.2.4 *Implementation Plan*

Eighty (80) points are available for this category. A zero to five (0-5) scoring scale will be applied to aspects of the Implementation Plan: zero being non-responsive through five being all components of the requirement are met with the highest degree of confidence for success. The Implementation Plan will be scored as follows:

Implementation Plan	40 Points
Implementation Approach	15 Points
Pilot Operations and Evaluation Plan	15 Points
Readiness Determination	10 Points
Maximum Points available for Implementation Plan	80 Points

9.3.4.2.5 *Capacity Plan*

Eighty (80) points are available for this category. A zero to five (0-5) scoring scale will be applied to aspects of the Capacity Plan: zero being non-responsive through five being all components of the requirement are met with the highest degree of confidence for success. The Capacity Plan will be scored as follows:

CPU, Memory Utilization and DASD Sized to Provide Adequate Capacity	45 Points
Methodology, Tools and Data Used to Evaluate Capacity	15 Points
Expandability	10 Points
Capacity Testing	10 Points
Maximum Points available for the Capacity Plan	80 Points

9.3.4.2.6 Cash Access Plan

Eighty (80) points are available for this category. A zero to five (0-5) scoring scale will be applied to aspects of the Cash Access Plan: zero being non-responsive through five being all components of the requirement are met with the highest degree of confidence for success. The Cash Access Plan will be scored as follows.

Overall Cash Access Strategy	40 points
Full Cash Withdrawal	20 points
Cash Withdrawal of \$200 or more with a Surcharge	10 points
Financial Services	10 points
Maximum Points available for Cash Access Plan	80 Points

9.3.4.2.7 Settlement and Reconciliation Plan

Eighty (80) points are available for this category. A zero to five (0-5) scoring scale will be applied to aspects of the Settlement and Reconciliation Plan: zero being non-responsive through five being all components of the requirement are met with the highest degree of confidence for success. The Settlement and Reconciliation Plan will be scored as follows.

Overall Settlement and Reconciliation Strategy	25 points
Food Stamp Settlement Process	10
Cash Settlement Process	10
Reconciliation Process	20
Reporting	15
Maximum Points available for Settlement and Reconciliation Plan	80 points

9.3.4.3 Cost

The evaluation of the Bidder's price responses will be based on the Bidder's quoted prices for services on Pricing Schedules 1 through 6, in Section 7, Pricing Proposal. The State intends to apply weighting factors to selected pricing responses. In general, the more critical pricing elements will receive greater weight. The following tables illustrate the weighting factors that will be applied to cost to determine the lowest priced responsive proposal. The Bidder shall not fill out the tables in this section, they are for illustrative purposes only. The State shall use the numbers provided in response to Section 7, Pricing Proposal to determine the Bidder's score.

SCHEDULE 1: DDI

Cost	Weight	Score*
Design	33 $\frac{1}{3}$ %	
Development	33 $\frac{1}{3}$ %	
Implementation**	33 $\frac{1}{3}$ %	
TOTAL	100%	

* Multiply unit weight by cost per unit and divide by monthly caseload

**For evaluation purposes only, the State will consider the total implementation cost provided for food stamps and 100% of counties for cash EBT.

SCHEDULE 2: CORE SERVICES

		FS Only	Cash Only	Combined	Score*
Caseload		296,761	124,267	507,513	928,541
	Weight	31.96%	13.38%	54.66%	100.00%
1 - 250,000	5.0%				
250,001 - 500,000	5.0%				
500,001 - 750,000	10.0%				
750,001 - 1,000,000	20.0%				
1,000,001 - 1,250,000	20.0%				
1,250,001 - 1,500,000	20.0%				
1,500,001 - 1,750,000	10.0%				
1,750,001 - 2,000,000	5.0%				
Over 2,000,000	5.0%				
TOTAL	100.0%				

* Multiply tier weight by program weight by cost per case per month (CPCM)

SCHEDULE 3: COUNTY SPECIFIC SERVICES

		Card	Coupon	Score*
Caseload		232,135	46,427	278,562
	Weight	83.33%	16.67%	100.00%
1 - 62,500	5.0%			
62,501 - 125,000	5.0%			
125,001 - 187,500	10.0%			
187,501 - 250,000	20.0%			
250,001 - 312,500	20.0%			
312,501 - 375,000	20.0%			
375,001 - 437,500	10.0%			
437,501 - 500,000	5.0%			
Over 500,000	5.0%			
TOTAL	100.0%			

* Multiply tier weight by unit quantity by cost per unit and divide by monthly caseload.

**SCHEDULE 5c and 5d: ADMINISTRATIVE EQUIPMENT
Lease Option and Maintenance Fee**

		PIN Selection	Card Embosser	Terminals	Score*
Units		500	500	500	1500
0	Weight	33.33%	33.33%	33.33%	100.00%
1 – 100	10.0%				
101 – 300	20.0%				
301 – 600	40.0%				
601 – 1,000	20.0%				
Over 1,000	10.0%				
TOTAL	100.0%				

* Multiply tier weight by item quantity by cost per unit and divide by monthly caseload

SCHEDULE 6: PERSONNEL BILLING RATES

	Change Order	System Innovation	Score*
Weight	50.00%	50.00%	100.00%
Units	37,500	37,500	75,000
Rate			
TOTAL			

* Multiply unit weight by unit cost per unit and divide by monthly caseload

SUMMARY

Schedule	Score*
Schedule 1: Design, Development & Implementation	
Schedule 2: Core Services	
Schedule 3: County Specific Services	
Schedule 4b: Administrative Equipment	
Schedule 6: Personnel Billing Rates	
TOTAL	

*Sum all scores

The maximum number of four hundred (400) points will be awarded to the lowest priced, responsive proposal. All other responsive proposals will receive a prorated cost score rounded to the nearest whole number determined as follows:

$$\frac{\text{Lowest price responsive proposal (\$)} \times 400 \text{ points}}{\text{Bidder's price response (\$)}}$$

9.3.4.4 Final Scores

The final score for each Bidder will consist of the total number of points accumulated in each of the categories evaluated.

$$\text{Total Administrative Score} + \text{Total Cost Score} = \text{Final Score}$$

9.3.4.5 Vendor Selection

The State will select the successful Bidder on the basis of the highest Final Score among all Final Proposals that are responsive to the ITP requirements. A proposal will be judged responsive if it meets all the following criteria:

- The proposal conforms to ITP Section 2, Rules Governing Competition.
- The proposal meets all mandatory requirements in ITP Section 5 and ITP Section 6..

The State reserves the right at any time to reject any or all proposals.

10 Demonstration

10.1 Introduction

The System Demonstration is intended to afford the State the ability to:

- verify the claims made in the Proposal,
- gain additional insight into the proposed solutions
- learn how the proposed solution fits California's requirements,
- corroborate evaluation of the proposed solutions, and
- confirm operability of the proposed hardware and software.

Only the apparent successful Bidder will be required to conduct the demonstration. The Bidder must be able to conduct a demonstration of its proposed EBT system within ten (10) business days after notification.

10.2 Preparation

Each Bidder shall prepare, and submit with its Proposal, a System Demonstration Plan (See Section 5.18) for the performance of all applicable segments of its proposed EBT system.

The Bidder shall provide and make all necessary arrangements for the demonstration facilities at no cost to the State. The location of the demonstration will be determined by the Bidder; however, demonstration within California is preferred and will be attended at the State's expense. If the demonstration is conducted outside California, the Bidder shall pay the expenses of State representatives traveling to the demonstration site. Approximately ten (10) State personnel will attend the demonstration.

The demonstration must be performed in substantial accordance with the requirements specified below in Section 10.3. Failure by the Bidder to demonstrate that the claims made in its Proposal are in fact true may be sufficient to cause the Proposal to be deemed non-responsive. The State reserves the right to determine whether or not the demonstration has been successfully passed.

10.3 Demonstration Requirements

If requested, the Bidder must execute a demonstration that gives State representatives an overview of the functions of its proposed system and demonstrates the functional capabilities and/or data processing facilities and capabilities indicative of the ability to develop, implement, and operate an EBT system.

It is the State's goal that the Bidder and, if appropriate, subcontractors replicate, as closely as possible, the system proposed by the Bidder. To this end, the Bidder must establish the demonstration environment using the hardware and software offered in the Bidder's Proposal.

At a minimum, the demonstration should include the following:

- Administrative Terminal Functionality
- Account set-up
- Benefit authorization
- Benefit adjustments
- Card issuance
- Multiple card issuance on same account
- PIN selection
- PIN re-selection
- Card deactivation after three (3) consecutive unsuccessful PIN attempts
- Food Stamp coupon conversion
- Transaction processing (Food Stamp and cash)
 - Approval
 - Denial
 - Refund
 - Manual (Food Stamp only)
- Automated Response Unit (Recipient and Retailer)
- Settlement and reconciliation
- Fee tracking (Cash)
- Report samples

Additionally, the demonstration should include tours of the Bidder's processing facility and call center.